United Nations

## United Nations Relief and Works Agency for Palestine Refugees in the Near East

# Financial report and audited financial statements

## for the biennium ended 31 December 2009

and

# Report of the Board of Auditors

**General Assembly**
Official Records
Sixty-fifth Session
Supplement No. 5C

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# Report of the Board of Auditors

United Nations • New York, 2010

*Note*

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# Letters of transmittal

6 May 2010

Pursuant to financial regulations 11.4 and 12.1, I have the honour to submit the consolidated financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium ended 31 December 2009, which I hereby approve. The financial statements have been prepared and certified as correct by the Director of Finance.

(*Signed*) Filippo **Grandi**
Commissioner-General

The Chair of the Board of Auditors
United Nations
New York

30 June 2010

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium ended 31 December 2009.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa and
Chair, United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

## apter I

# Report of the Board of Auditors on the financial statements: audit opinion

We have audited the accompanying financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which comprise the statement of assets and liabilities (statement 2), as at 31 December 2009; and the statement of income, expenditure and changes in working capital and fund balances (statement 1) and the cash flow statement (statement 3) for the biennium then ended; and the supporting statements: budget and expenditure (statement 4); statement of working capital, fund balances and reserves (statement 5); non-regular funds projects statement of income, expenditure and changes in fund balances (statement 6); and non-regular funds projects assets and liabilities statement (statement 7); and the explanatory notes to the financial statements.

*Management's responsibility for the financial statements*

The Commissioner-General is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards and for such internal control as the management deems is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements on the basis of our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes the performance of procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations Relief and Works Agency for Palestine Refugees in the Near East as at 31 December 2009 and its financial performance and cash flows for the biennium then ended in accordance with the United Nations system accounting standards.

**Report on other legal and regulatory requirements**

Furthermore, in our opinion, except as discussed below, the transactions of the United Nations Relief and Works Agency for Palestine Refugees in the Near East that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations Relief and Works Agency for Palestine Refugees in the Near East and legislative authority.

We highlighted in chapter II of this report the impact on the control environment of the difficult operational conditions under which UNRWA operates. The effect of restrictions on the free movement of goods, services, supplies and personnel into Gaza, as well as the January 2009 war in Gaza has the potential to limit the effectiveness of the controls exercised by UNRWA and its officials. UNRWA has a system of controls, rules, procedures and financial technical instructions which under circumstances of the war and the blockade are not fully or strictly complied with. UNRWA justifies this treatment by its need to continue to deliver its services in accordance with its mandate. Based on our sample testing in chapter II of this report, we are concerned that the operational conditions that exist in Gaza place a heightened risk on the proper functioning of certain internal controls. In addition to the matters highlighted through our sample testing in chapter II of this report, other areas of non-compliance could be present, which have gone undetected.

In accordance with regulation 12.2 of the Financial Regulations and Rules of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, we have also issued a long-form report on our audit of UNRWA.

Terence **Nombembe**
Auditor-General of South Africa
Chair of the United Nations Board of Auditors
(Lead Auditor)

Didier **Migaud**
First President of the Court of Accounts of France

**Liu** Jiayi
Auditor-General of China

30 June 2010

# apter II

# Long-form report of the Board of Auditors

*Summary*

The Board of Auditors has audited the financial statements and reviewed the operations of UNRWA for the biennium ended 31 December 2009. The audit was carried out through visits to field offices in the Gaza Strip, the Syrian Arab Republic, Jordan, and UNRWA Gaza headquarters, as well as a review of the financial transactions and operations at headquarters in Amman.

**Audit opinion with emphasis on legal and regulatory compliance**

The Board issued an unmodified opinion on the financial statements for the period under review, as reflected in chapter I. The Board also issued an unmodified opinion in the previous biennium. However, the Board has highlighted in its opinion on legal and regulatory requirements, the following matter:

The Board highlighted in this report the impact on the control environment of the difficult operational conditions under which UNRWA operates. The effect of restrictions on the free movement of goods, services, supplies and personnel into Gaza, as well as the January 2009 war in Gaza has the potential to limit the effectiveness of the controls exercised by UNRWA and its officials. UNRWA has a system of controls, rules, procedures and financial technical instructions which under circumstances of the war and the blockade are not fully or strictly complied with. UNRWA justifies this treatment by its need to continue to deliver its services in accordance with its mandate. Based on our sample testing in chapter II of this report, we are concerned that the operational conditions that exist in Gaza place a heightened risk on the proper functioning of certain internal controls.

**Follow-up of previous recommendations**

Of the 31 recommendations made for the biennium 2006-2007, 12 recommendations (39 per cent) were fully implemented; 18 (58 per cent) were under implementation; and one (3 per cent) was overtaken by events. The recommendation classified as overtaken by events relates to the recommendation of the Department of Internal Oversight peer review results, which will be fully known only when the next peer review process is performed. Many of the recommendations that are under implementation are mainly long term in nature and would therefore take a longer time to achieve. During the biennium 2006-2007, UNRWA launched its organizational development process, which included systematic reforms in some areas covered by the Board's recommendations, and the roll-out of this reform was still ongoing. One objective of UNRWA in taking this initiative was to deal with audit recommendations as part of Agency-wide reform.

The Board evaluated the ageing of its previous recommendations that had not yet been fully implemented and noted that four recommendations (22 per cent) had not been fully implemented since they were made in 2002-2003, five recommendations (28 per cent) had not been fully implemented since they were made in 2004-2005, and nine recommendations (50 per cent) made in 2006-2007 had not yet been fully implemented. While noting that organizational reforms were still

under way, the Board is concerned about the slow rate of implementation of its recommendations, especially recommendations made since 2002-2003 and 2004-2005. While undertaking to implement all recommendations fully, UNRWA has explained that it faces certain obstacles to full implementation which lie outside its control, the key among these being its poor financial situation. Thus, certain resource-intensive recommendations such as enterprise resource planning cannot be implemented without reliable funding.

### Financial overview

For the period under review, total income was $1.713 billion, compared with $1.277 billion for the previous biennium, an increase of 34 per cent. Total expenditure amounted to $1.579 billion, compared with $1.308 billion for the previous biennium, an increase of 21 per cent. This resulted in an excess of income over expenditure of $123.3 million (after adjustments), which comprised a $51.6 million surplus on the regular budget funds and a surplus of $71.7 million on non-regular budget funds; compared with a deficit of $52.3 million (after adjustments) in the preceding biennium.

The contributions outstanding have shown a significant improvement from the previous biennium, reflecting improved collection strategies and follow-up on pledges. There is an indication that 57 per cent of assets are readily available in cash as cash balances exceeded $330 million to meet the needs of the Agency. Commitments rose in comparison to the previous biennium, arising from the increase in emergency appeal-related commitments.

UNRWA changed its accounting policy with regard to inventories and recognized as an asset for the first time in its balance sheet, inventories amounting to $31.6 million as an opening balance as at 1 January 2008. Inventory as at 31 December 2009 amounted to $40.5 million (consumable inventory of $40.4 million and production-related inventory of $111,369.

Cash on hand and at banks increased to $337.1 million (compared to $212 million at 31 December 2007), an increase of 59 per cent. This increase arose mainly from the funds for the emergency appeal in the Gaza Strip still largely not spent, as well as higher project cash balances. There was also an effect on the level of unliquidated budget commitments as a consequence of the post-war situation in Gaza, where there was an increase of 14 per cent to $148.1 million compared to $130 million as at 31 December 2007. Cash balances were $337 million, and a substantial amount ($271 million) was for earmarked (non-regular) budget) activities, translating to a cash balance available for regular activities of $65 million that was equivalent to four to six weeks of regular budget expenditure. UNRWA was therefore exposed to a very tight funding regime, with possible severe consequences in the event of a short delay in receiving remittances from donors or a sudden decline in contributions.

### Progress towards the implementation of International Public Sector Accounting Standards

The Board noted that the IPSAS implementation process at UNRWA could be improved by coordination and communication between the departments dealing with IPSAS implementation and the involvement of the Department for Internal Oversight Services. The Board also noted that UNRWA had not finalized accounting policies under IPSAS that would be used as a basis for consultation with the Board.

### Financial statements preparation

The UNRWA allocation of responsibilities for key staff involved in the preparation of financial statements did not fully address the review of financial statements. Further, there was no evidence to support monitoring by UNRWA of year-end closure instructions. The audit review identified gaps and errors in the financial statements that were corrected by UNRWA, including a number of editing errors; lack of policy concerning write-off in note 2; several new items in the financial statements (statement presentation, additional information) that were not adequately explained; statement 5 required revision and had to be resubmitted; some disclosure notes were not complete/adequate for changes made or to support new line items included on the face of the financial statements; insufficient detail and disclosure regarding changes in accounting policies, changes in accounting estimates; and disclosures were left out in the explanatory notes to the financial statements.

### Statement of assets, liabilities and reserve and fund balances

UNRWA had not completed its process of performing valuations of its land and buildings to improve its presentation of land and buildings in its financial statements.

Contributions receivable amounting to $20.1 million were incorrectly classified as earmarked contributions. The Board noted areas of improvement in the recording and reporting of outstanding pledges.

UNRWA changed its policy during the biennium with regard to its treatment of inventories on hand, by recognizing for the first time in its accounts inventory amounting to $31.6 million as its opening inventory. However, UNRWA did not include adequate disclosure in the financial statements to reflect the impact of this change on the opening reserves.

UNRWA did not implement adequate procedures to review the accounts payable listings and age analysis.

The Board noted inadequate procedures in the review of unliquidated commitments/obligations.

### Capital assets and construction work in progress

UNRWA did not have an accounting policy with regard to the treatment and disclosure of capital work in progress.

### End-of-service liabilities, including after-service health liabilities

UNRWA did not provide for end-of-service liabilities (including after-service health, leave liability and repatriation grant) for international staff as those liabilities are borne by the United Nations Secretariat and are included in the main financial statements of the United Nations (Vol. I). UNRWA accrued a total of $24.4 million relating to end-of-service liabilities for area staff leave encashment as at 31 December 2009. Furthermore, UNRWA disclosed in the notes to the financial statements $2.5 million for repatriation grant liabilities and $1.8 million for leave pay liabilities for international staff. UNRWA also disclosed in the notes to the financial statements termination liabilities amounting to $227 million (2007: $206.9 million), which is an estimate of the total separation costs relating to all area staff in the event that UNRWA ceased to operate. Since the Agency is still in operation and will continue to be in operation, this is only disclosed in the financial statements and not provided for.

### Treasury management

UNRWA headquarters (Gaza) bank reconciliations for 18 bank accounts for the month of December 2009 were not reviewed by senior management.

### Programme and project management

The Board noted some progress but without full implementation of recommendations previously made in connection with programme and project management.

### Procurement and contract management

The Board still noted long lead times in the UNRWA procurement process and that there were no processes to review and follow up long-outstanding purchase orders.

The Board noted two procurement contracts that arose in the period post-conflict that did not comply with UNRWA policies and procedures. Instances were noted in the procurement of fuel, where purchase orders were raised after delivery of the fuel.

### Non-expendable property management

The Board noted that a complete valuation of the property owned by UNRWA was still ongoing from the previous biennium. This valuation had been initiated by a change in the accounting policy to include non-expendable property in the balance sheet. The Board noted that the Gaza field office did not perform the annual asset verification, and that there were instances where transfer of assets between locations was not recorded in asset registers, insufficient personnel were allocated to physical verification, assets surveyed were still in the asset register, assets that required to be surveyed, and an instance of an item in the asset register that had been overstated by $176,220.

### Expendable property management

The Board noted in two field offices (the Syrian Arab Republic and Jordan) that there was non-compliance with the procurement management system manual with regard to raising store demand notes.

The Jordan field office did not have adequate procedures for: recording and storage of inventory, periodic reconciliation of the procurement management system and physical quantities; and timely recording of all items received.

### Human resources management

The Board noted that UNRWA had not fully implemented its human resource strategy and that human resource plans for the field offices had not been compiled. UNRWA had inadequate processes to monitor and address the vacancy rate for area staff, while the overall vacancy rate at UNRWA had increased from 7.82 per cent to 9.49 per cent.

The Board noted long lead times in the recruitment of staff, and action was required to address vacant positions in the Finance Department.

The Board noted instances where appointment letters had not been issued to staff already appointed and where overtime payments were not in accordance with the policies and procedures of UNRWA.

The Board noted instances where lump sum advances to staff were not followed up in a timely manner.

### Organizational environment and controls

UNRWA had not fully completed its Agency-wide risk assessment exercise, but progress was being made in the compilation of a risk register.

At a field office, the Board noted that operation of a Board of Inquiry and Investigations could be improved by the formulation and approval of a policy/directive to address roles and functions of a Board of Inquiry and Investigations.

### Information technology

The Board noted inadequate segregation of duties in the information technology section where programmers had unrestricted access to the production environment and could make program changes in the production environment without the changes being independently reviewed.

UNRWA had not fully implemented the Board's recommendation to develop a comprehensive disaster recovery and business continuity plan and communicate the plan to all personnel and to test, review, and update its disaster recovery plan.

The memorandum of understanding, with the service level agreement as an addendum, between UNRWA and the United Nations Logistics Base did not include/provide for the recovery of the UNRWA RAMCO systems.

The Board had made several observations about weaknesses in the management of user accounts and the controls over server rooms.

UNRWA had not established an off-site storage facility for back-ups in accordance with its back-up policy and procedures.

The Board noted weaknesses in the security-related parameters of the Windows domain controller.

The Board noted that critical functions for system administration, programming and maintenance were performed by the same person without compensating controls.

### Internal audit function

For the biennium 2008-2009, the Department of Internal Oversight Services completed 36 of the 54 planned audit assignments. There is therefore a need for the Department to enhance its coverage of UNRWA activities.

The Board noted that audit coverage could be improved by a consideration of the Area Staff Provident Fund, area staff termination liabilities, and by involvement in the review of the IPSAS project.

The following issues were noted with regard to the Department for Internal Oversight Services: a high vacancy rate in the Department needed to be addressed; and it had not fully addressed the recommendations of the Advisory Committee on Internal Oversight in relation to its work.

### Internal audit findings

The Board's review of the Department of Internal Oversight Services reports highlighted several significant matters, which are discussed in the relevant section of the present report.

### Microfinance Department

The Microfinance Department is a small programme within UNRWA which provides credit facilities to microentrepreneurs. The activities and balances of the Department for 2008 and 2009 have been included in the financial statements of the Agency for the biennium. In addition, the Department prepares its own separate set of financial statements, on which the Board performs a separate audit. The Board audited the 2008 and 2009 annual financial statements and issued an unqualified opinion for both years. The following issues were highlighted in the 2009 audit:

(a) There were areas of improvement in the presentation of the annual financial statements to comply with the requirements of the International Financial Reporting Standards;

(b) There were delays in acquiring a new management information system that had been approved in 2001;

(c) The Board's assessment of the observations of the internal auditors relating to the supervision and administration of loan transactions indicated a number of breaches of procedures. The Board stressed that the controls of the Microfinance Department should be given serious consideration, in the light of its growing business, yet inconsistent application of procedures. The Board emphasized the accountability of personnel to apply the rules and procedures.

### Disclosures by management

UNRWA has made certain disclosures, which are detailed in section C of this report concerning write-offs; ex gratia payments and cases of fraud and presumptive fraud.

**Recommendations**

**The Board has made several recommendations based on its audit. The main recommendations are that UNRWA:**

1. **(a) Update its International Public Sector Accounting Standards (IPSAS) implementation plan and ensure that it is approved; and (b) include all role players and a mechanism for reporting to them in its IPSAS implementation plan (para. 31 below);**

2. **Address the gaps identified in its International Public Sector Accounting Standards implementation plan (para. 32 below);**

3. **(a) Allocate areas of responsibility with regard to the preparation and review of financial statements; and (b) maintain evidence that supports its monitoring of compliance with year-end closure instructions (para. 36 below);**

4. **Strengthen its controls regarding the preparation and review of its financial statements (para. 40 below);**

5. **Continue its process to ensure that it accounts for all its land and buildings in its financial statements (para. 43 below);**

6. **Revise its disclosure notes to its financial statements to include information on account balances affected by the change in accounting policy (para. 54 below);**

7. **(a) Enhance its controls over the review of the accounts payable listings and the ageing analysis; and (b) implement procedures to prepare and review the creditors' reconciliations on a regular basis (para. 65 below);**

8. **Implement procedures to perform a regular detailed review of unliquidated commitments (para. 71 below);**

9. **(a) Implement procedures to ensure that amounts disclosed in the financial statements are fully supported by relevant schedules and that old obligations are treated in accordance with the United Nations system accounting standards; and (b) strengthen its validation process for unliquidated obligations (para. 78 below);**

10. **Consider adequate procedures to enable it to have assurance regarding the accuracy of balances included in its financial statements (para. 79 below);**

11. **(a) Formulate an accounting policy for treatment of construction work in progress in the financial statements; and (b) consider adequate disclosure of the sources of financing for the construction additions as required by the United Nations system accounting standards (para. 85 below);**

12. **Disclose the liabilities for repatriation grant and leave pay encashment in its financial statements (para. 92 below);**

13. **Ensure that senior officers review all monthly bank reconciliations for headquarters (Gaza) (para. 95 below);**

14. **Adopt a policy covering the management of all projects that, inter alia, sets out the responsibilities of all role players, as well as the competencies and training they require (para. 101 below);**

15. **Establish a system to record and apply lessons learned in project implementation (para. 102 below);**

16. **Update the project procedures manual, with input from the field offices, and benchmark it against best practice and international standards (para. 103 below);**

17. **Liaise with field offices to implement the project management support required by them (para. 104 below);**

18. **Implement suitable control mechanisms to review purchase orders on a regular basis and follow up long-outstanding purchase orders (para. 111 below);**

19. **That the Jordan field office consider measures to enable it to comply with the requirement of UNRWA policies and procedures regarding the raising of purchase orders before the goods are delivered (para. 114 below);**

20. **Consider ways to enable it to comply with UNRWA policies and procedures with regard to making payment for goods only after the receipt of the necessary supporting documentation (i.e., suppliers invoice and goods received note) (para. 126 below);**

21. **Maintain a consolidated asset register to ensure accountability for its property (para. 134 below);**

22. **Comply with implemented procedures to perform physical verification of the existence of assets and the condition of the assets and investigate and adjust for variances (para. 141 below);**

23. **(a) Improve its periodic inventory count procedures to address the discrepancies between the purchases and inventory management system and actual quantities on the warehouse floor; (b) implement procedures to ensure that all items received into the warehouse are recorded in the purchases and inventory management system in a timely manner; and (c) comply with the Manual on Supply Procedures in the recording and storage of inventory (para. 161 below);**

24. **(a) Fully implement the human resource plan; and (b) implement procedures to monitor/address the vacancy rate (para. 169 below);**

25. **Ensure that vacant positions are filled in a timely manner (para. 174 below);**

26. **Further develop the Agency-wide risk assessment exercise and formulate cost-effective responses to risks identified (para. 198 below);**

27. **That the Commissioner-General, the head of the Agency, formally delegate the responsibility for information security at UNRWA in writing to an appropriate individual (para. 207 below);**

28. **(a) Implement procedures to restrict the programmers' access to the production environment; (b) perform regular reviews of all program changes made in the production environment to ensure that the changes relate to valid and approved change requests; and (c) regularly review the activities of the database administrators (para. 210 below);**

29. **(a) Develop a comprehensive disaster recovery and business continuity plan and communicate the plan to all personnel; and (b) test, review and update its disaster recovery plan on a regular basis (para. 214 below);**

30. **Establish a specific arrangement for recovery of critical operational systems with a service-level agreement with the United Nations Logistics Base/Department of Field Support (para. 215 below);**

31. **(a) Implement procedures to monitor the validity of user accounts on a regular basis; (b) implement procedures to log and review irregular system activity; (c) implement procedures to monitor the activities of persons with powerful privileges (administrator privileges) by an independent person on a regular basis; and (d) ensure that access request forms are completed and signed by the respective supervisor and information systems department official before a user is granted access to the system, and maintain a record of those forms (para. 221 below);**

32. **Ensure that the critical functions for system administration, programming and maintenance are not performed by the same person or alternatively, implement an independent monitoring function as a compensating control (para. 240 below);**

33. **Comply with Organizational Directive No. 24 — Charter of the Advisory Committee on Internal Oversight with regard to the review of financial statements (para. 250 below);**

34. **Address the vacant positions in the Department of Internal Oversight Services (para. 253 below);**

35. **Consider the International Public Sector Accounting Standards implementation project and the area staff termination liability for inclusion in its annual audit plans (para. 266 below).**

The Board's other recommendations appear in paragraphs 47, 51, 59, 60, 63, 81, 92, 119, 142, 146, 155, 170, 179, 181, 185, 189, 200, 206, 225, 231, 236, 257, 261, 271, 273, 287 and 295.

## A. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and has reviewed its operations for the biennium ended 31 December 2009 in accordance with General Assembly resolution 74 (I) of 6 December 1946. The audit was conducted in conformity with regulation 12.2 of the Financial Regulations and Rules of UNRWA, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNRWA as at 31 December 2009 and the results of its operations and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards. It included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditures had been properly classified and recorded in accordance with UNRWA Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. The Board also issued a separate unmodified audit opinion on the financial statements of the UNRWA Area Staff Provident Fund, which had been prepared in accordance with the International Financial Reporting Standards for the year ended 31 December 2008 and the year ended 31 December 2009.

4. The Board also performs an annual audit of the Microfinance Department. The Board issued an unmodified opinion on the financial statements of the Microfinance Department for the year ended 31 December 2008 and for the year ended 31 December 2009.

5. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of UNRWA operations under financial regulation 7.5. That requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of UNRWA operations. The General Assembly had also requested the Board to follow up on previous recommendations and to report on it accordingly. Those matters are addressed in the relevant sections of this report.

6. The Board continues to report the results of audits to UNRWA in the form of management letters containing detailed observations and recommendations. This practice allows for ongoing dialogue with UNRWA. In this regard, two management letters were issued covering the period under review.

7. The Board coordinates with the Department of Internal Oversight Services in the planning of its audits to avoid duplication of effort and to determine the extent of reliance that could be placed on the latter's work.

8. Where observations in the present report refer to specific locations, such observations are limited only to those locations.

9. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly, including specific requests from the General Assembly and the Advisory Committee on Administrative and Budgetary Questions. In particular, the Advisory Committee in its report (A/63/474) requested the Board to:

(a) Strengthen its validation process with a view to improving its ability to evaluate results and impact of the efforts of UNFPA to implement the Board's recommendations;

(b) Continue to closely monitor the implementation of International Public Sector Accounting Standards (IPSAS) as well as the preparatory process for the enterprise resource planning as well as for IPSAS;

(c) Continue to place emphasis on the review of results-based budgeting and results-based management.

10. The Board's observations and conclusions were discussed with UNRWA management whose views have been appropriately reflected in the report.

11. The recommendations contained in this report do not address the steps which UNRWA may wish to consider in respect of officials for instances of non-compliance with its Financial Regulations and Rules, administrative instructions and other related directives.

## B. Findings and recommendations

### 1. Follow-up of previous recommendations

12. UNRWA has developed an organizational development process, entitled "Serving Palestine refugees more effectively: strengthening the management capacity of UNRWA", which was launched on 1 January 2007. The roll-out of the implementation continued in the biennium 2008-2009. The plan sets out strategic and interdependent initiatives based on four levels of change identified at UNRWA, namely, programme management, human resources management, organizational processes and systems, and leadership and management. The organizational development process has since been superseded by a series of interlocking initiatives under the broad designation "sustaining change", which has completion dates beyond 2010.

13. UNRWA continues to view its organizational development process as a significant tool in addressing the Board's recommendations relating to the current and previous bienniums.

14. Of the 31 recommendations made for the biennium 2006-2007, 12 recommendations (39 per cent) were fully implemented; 18 (58 per cent) were under implementation; and one (3 per cent) had been overtaken by events. Details of the status of implementation of these recommendations are shown in annex I below.

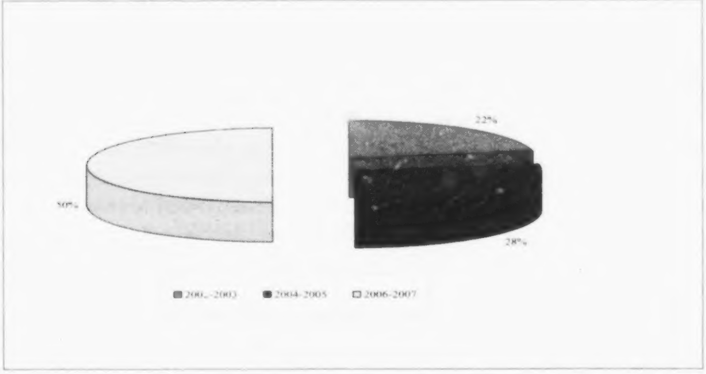
15. The recommendation classified as overtaken by events relates to the recommendation of the Department of Internal Oversight Services peer review results, which will be fully known only when the next peer review process is performed.

16. Based on the responses provided by UNRWA, most of the recommendations that were partially implemented were in the process of being addressed through its organizational development process. This plan was under implementation and although due to be completed originally in 2008, the roll-out of various segments were staggered and the target completion date is the end of 2010. In particular, recommendations relating to results-based management and human resources were to be addressed by that plan, while observations relating to information technology were to be addressed in the updated enterprise resource planning system, which was under consideration. While noting that organization reforms were still under way, the Board is not satisfied with the slow rate of implementation of its recommendations, especially for the nine recommendations first made during the 2002-2003 and 2004-2005 bienniums. While undertaking to implement all recommendations fully, UNRWA has explained that it faces certain obstacles to full implementation which lie outside its control, the key among these being its poor financial situation. Thus, certain resource-intensive recommendations such as enterprise resource planning cannot be implemented without reliable funding.

17. In response to the request of the Advisory Committee on Administrative and Budgetary Questions (A/59/736, para. 8), the Board evaluated the ageing of its previous recommendations that had not yet been fully implemented, and has indicated at figure II.I the financial periods in which such recommendations were first made.

Figure II.I

**Ageing of recommendations under implementation/not implemented for the previous biennium**



18. The four recommendations under implementation since 2002-2003 were as follows:

(a) The Board made three recommendations in relation to human resources management, that UNRWA (i) formalize the process of succession planning; (ii) compile personal development plans; and (iii) document feedback by supervisors to staff during performance appraisal reviews. The Board noted that UNRWA was addressing the human resources management matters through its organizational development process, which was extended to 2010;

(b) The Board recommended that UNRWA develop a comprehensive disaster recovery and business continuity plan and test, review and update the business continuity plan and communicate the plan to all personnel. UNRWA stated that its plan was in the process of being implemented and that its service-level agreement with the United Nations Logistics Base will be revisited to ensure it incorporates the recovery of UNRWA RAMCO systems.

19. The five recommendations that have been under implementation since 2004-2005 were as follows:

(a) The Board made two recommendations in relation to human resources management, that UNRWA (i) fill its vacancies in a timely manner; and (ii) develop human resources plans for field offices. The Board noted that UNRWA was addressing the human resources management matters through its organizational development process, which was extended to 2010;

(b) The Board recommended that UNRWA enforce standardized procedures relating to requests for changes to the applications systems. The Board noted that UNRWA was in the process of recruiting a staff resource whose responsibility would include ensuring that program changes are reviewed regularly;

(c) The Board made two recommendations in relation to project management, that UNRWA (i) update its project procedures manual and benchmark it against best practice and international standards; and (ii) establish a system to record and apply lessons learned in project implementation. UNRWA indicated that its efforts were hampered by resource constraints and that it had plans to implement the recommendations during 2010.

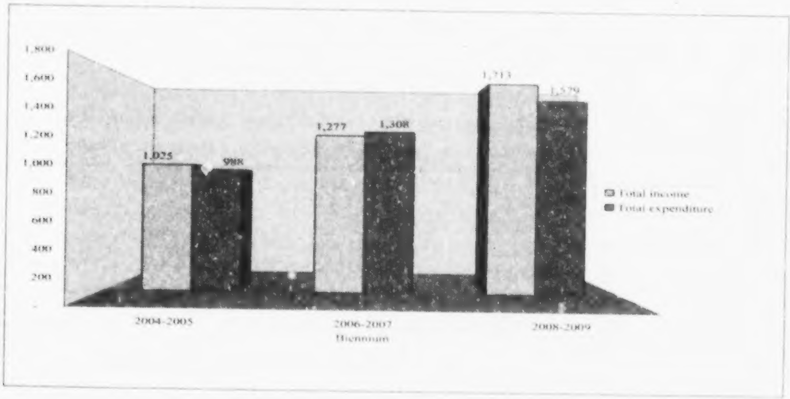
### 2. Financial overview

20. Total income for the period under review amounted to $1.713 billion while total expenditures amounted to $1.579 billion, giving an excess of income over expenditure before adjustments of $133.6 million. Comparative income and expenditures for the financial periods 2004-2005, 2006-2007 and 2008-2009 are shown in figure II.II and indicate a growing trend.

Figure II.II

**Comparative income and expenditure**

(Millions of United States dollars)



21. The increase in expenditures of $271 million, or 21 per cent, was attributable mainly to increases in the five key programmes under the regular budget funding: education increased by $101.6 million, or 20.3 per cent, health increased by $23.4 million, or 15.1 per cent, relief and social services increased by $39.3 million, or 52.9 per cent, and operational and technical services increased by $24.9 million, or 59.2 per cent. The emergency appeal increased by $45.3 million, or 13 per cent, as necessitated by the conditions prevailing during and after the Gaza war in December 2008 and early January 2009.

22. Table II.1 contains key financial ratios extracted from the financial statements, mainly from statement 1 (statement of income, expenditure and changes in working capital and fund balances) and statement 2 (assets and liabilities statement). The ratios are marginally affected by the first-time inclusion of inventory amounting to approximately $40 million as at 31 December 2009 in the balance sheet of UNRWA. The contributions outstanding ratio has shown a substantial improvement compared with the previous biennium, reflecting improved collection strategies and follow up on pledges. The cash-to-total-assets ratio has improved compared with the previous biennium, indicating that 57 per cent of total assets are in cash, readily available to meet the immediate needs of the Agency. The cash-to-liability ratio has improved from its previous 2006/07 level, indicating that for every dollar of debt, the Agency has $1.54 of liquid assets to settle such debts as they fall due, in comparison to 94 cents in the prior biennium. The solvency ratio (assets/liabilities) has improved to indicate that the Agency has $2.69 of assets available to settle liabilities when they are due. The unliquidated-obligations ratio has reflected a deterioration compared with the previous biennium, arising from an increase in emergency appeal-related commitments.

23. The liquidity ratio shows that UNRWA had $2.15 (2006-2007: $1.57) in short-term resources to service each dollar of current debt. The norm is to have $1 available to service each dollar of current debt.

Table II.1
**Ratios of key financial indicators**

| *Ratio* | *Biennium ended 31 December* | | | *Component of 2009 ratio*[a] |
|---|---|---|---|---|
| | *2005* | *2007* | *2009* | |
| Contributions outstanding/total assets[b] | 0.23 | 0.20 | 0.03 | 20.4/588.4 |
| Cash/total assets[c] | 0.63 | 0.47 | 0.57 | 337.1/588.4 |
| Current assets/liabilities (liquidity ratio)[d] | 2.88 | 1.57 | 2.15 | 469.9/218.8 |
| Cash/liability[e] | 1.82 | 0.94 | 1.54 | 337.1/218.8 |
| Assets/liabilities[f] | 2.88 | 1.99 | 2.69 | 588.4/218.8 |
| Unliquidated obligations/total liabilities[g] | 0.54 | 0.58 | 0.68 | 148.1/218.8 |

[a] In millions of United States dollars.
[b] A low indicator depicts a healthy financial position.
[c] A high indicator depicts a healthy financial position.
[d] A favourable indicator is a ratio above 1.
[e] A low indicator is a reflection that insufficient cash is available to settle debts.
[f] A high indicator is a reflection of sufficient assets to cover liabilities.
[g] A low indicator is a positive reflection that obligations are being liquidated.

24. While the UNRWA cash balances exceeded $330 million, the majority of it ($271 million) was cash on hand for earmarked (non-regular budget) activities. That meant that the UNRWA balance of regular budget cash amounted to only $65 million, which is equivalent to about four to six weeks of regular budget expenditure. UNRWA was thus exposed to a very tight funding regime, which could have negative consequences for meeting its monthly operating costs, in the event of even a short delay in receiving remittances from donors or if there were sudden declines in contributions compared to 31 December 2007. UNRWA has in response to that observation explained that its financial position poses a threat to its regular programme activities in 2010-2011. It is in this context that the Board notes that the far-reaching audit recommendations and organizational reform initiatives could be slowed down by the lack of availability of funds.

### 3. Progress towards the implementation of International Public Sector Accounting Standards

25. In connection with IPSAS, the Board noted in its report (A/63/5/Add.3, para. 51), that the UNRWA IPSAS plan had not been approved and did not include all the role players and recommended that UNRWA (a) update its IPSAS implementation plan and ensure that it is approved; and (b) include all role players and develop a mechanism for reporting to them.

26. In accordance with General Assembly resolution 61/233 and in response to the comments of the Advisory Committee on Administrative and Budgetary Questions in its report (A/61/350), the Board reviewed the progress made with the IPSAS project. UNRWA informed the Board that the current module under the RAMCO financial management system would not be replaced when implementing IPSAS up to the point that the new enterprise resource planning was fully functional. The UNRWA Accounts Division was of the view that the financial management system already had the necessary facilities to accommodate full accrual accounting and the ability to cover functionalities related to fixed assets and inventory accounting. Some level of customization and modifications to ensure that it was able to store, process and produce IPSAS-compliant financial information and reports would, however, still be needed. The Agency had approved the enterprise resource planning system that would cater for other needs and requirements of the Agency (procurement, human resources, information technology, project management and reporting, including financial management and reporting), with the planned implementation from 2012. Of the $32 million required for funding the enterprise resource planning system, only $3 million has been pledged, of which $1.7 million was available.

27. The Board reviewed a Gap study report dated 7 April 2008 (issued by consultants commissioned by UNRWA) to assess the business case for an enterprise resource planning system. The report indicated that the current financial management system could only be partially IPSAS compliant and would not be sustainable in the future as there would be limited or no support for the financial management system. The UNRWA enterprise resource planning division was not able to verify the ability of the financial management system to be fully IPSAS compliant and noted that there were many areas in the financial management system that would need to be corrected and improved, including closing certain gaps to produce reliable financial management reports, achieving timely monthly closures, streamlining processes, and improving accessibility.

28. The UNRWA enterprise resource planning division informed the Board that there was no definite date for the implementation of the enterprise resource planning system and that there was a possibility that it may be implemented during the period 2012-2014. Given the core importance of systems (enterprise resource planning) to reforms in financial management, human resources management, programme and project management, and reporting, UNRWA has brought to the attention of the Board that the present enterprise resource planning funding shortfalls could indicate broader implications for the timely implementation of those reforms.

29. The Board inspected the updated IPSAS plan (March 2010) and noted the following issues that were of concern:

(a) Review of the IPSAS implementation process indicates that the modification of the financial management system (with the Accounts Division as the custodians) is planned, and is targeted at the conversion from the United Nations system accounting standards to IPSAS. However, the planned implementation of the enterprise resource planning (UNRWA enterprise resource planning division as the custodians) was focused at the needs of the Agency as a whole, with requirements in areas like budgetary planning, grant/donor management, project accounting. Of concern to the Board was that the two projects and processes were separate, with no distinct connections between them describing how the financial management system would be incorporated into the enterprise resource planning umbrella. The two divisions had not devised appropriate processes to ensure this connection;

(b) UNRWA had not finalized any IPSAS accounting policy paper;

(c) The amended IPSAS implementation plan (March 2010) had not been approved by senior management;

(d) The IPSAS plan and progress indicated a lack of involvement by the Department of Internal Oversight Services, which is an important role player;

(e) The position for a dedicated IPSAS implementation project manager that would see to its effective direction had not been assigned.

30. Failure to address the gaps identified by the Board may result in a delay in the implementation of the IPSAS plan or may result in the plan not being effectively implemented at the Agency.

31. **UNRWA agreed with the Board's reiterated recommendation to: (a) update its International Public Sector Accounting Standards (IPSAS) implementation plan and ensure that it is approved; and (b) include all role players and a mechanism for reporting to them in its IPSAS implementation plan.**

32. **UNRWA agreed with the Board's recommendation to address the gaps identified in its International Public Sector Accounting Standards implementation plan.**

33. UNRWA indicated that the process of coordination was in place with all relevant stakeholders in the Agency and stated that it had strengthened its coordination with the Department of Internal Oversight Services and that this would continue when the draft policy papers for each standard were available. UNRWA stated that it was in the process of finalizing each applicable IPSAS standard and

this exercise was expected to be completed during the third quarter of 2010. In addition, formal approval of the implementation of the IPSAS plan would be sought.

### 4. Financial statements preparation

34. The Board reviewed the process of the preparation of financial statements and the related closure instructions, and noted that the closure instructions did not address the responsibilities of all key personnel involved with regard to the preparation and review of financial information supporting the financial statements. In addition, there was no evidence to indicate that the financial statements had been reviewed, or that the compliance with the year-end closure instructions had been monitored.

35. UNRWA stated that the financial statements were prepared by the head of the General Accounting Section, reviewed by the Chief of the Accounting Division and submitted to the Director of Finance. The responsibilities both at headquarters and in the field offices were detailed in the closure instructions submitted at the end of the biennium. Those activities are monitored at the headquarters Accounts Division until the finalization and submission of the financial statements. The Board was, however, not presented with evidence to support that those activities had been performed.

36. **UNRWA agreed with the Board's recommendation to: (a) allocate areas of responsibility with regard to the preparation and review of financial statements; and (b) maintain evidence that supports its monitoring of compliance with year-end closure instructions.**

*Financial statements submitted for audit*

37. The Board reviewed the originally certified financial statements submitted for audit purposes, and noted the following areas of improvement (which were subsequently remedied):

(a) There were a number of editing and proofing errors;

(b) There was no policy for provision for contributions, in accordance with paragraph 34 of the United Nations system accounting standards;

(c) There were several new disclosures (that had not been included in the prior biennium) that were not explained in the financial statements;

(d) Some disclosure notes were not complete or were inadequate to describe changes made in the current biennium in comparison to the prior biennium, as well as for line items included on the face of the financial statements. Consequently, some of the amounts shown on the financial statements did not agree with the comparatives;

(e) There was insufficient detail regarding changes in accounting policies, changes in accounting estimates and changes in contribution estimates so as to facilitate comparison of the figures for the periods presented;

(f) Some notes to the financial statements needed to be corrected;

(g) Certain amounts were set-off, which was not in accordance with the United Nations system accounting standards criteria (para. 47) for set-off.

38. The Board further noted that detailed workings and schedules that summarize the general ledger, and link the detailed trial balance to the financial statements, especially for balance sheet items, that would facilitate adequate mapping, were not available.

39. The Board was concerned that the weaknesses identified are an indication that the controls rendered for the financial statements preparation process were not adequate and thus increased the risk of error and misstatement as well as non-compliance with accounting standards.

40. **UNRWA agreed with the Board's recommendation to strengthen its controls regarding the preparation and review of its financial statements.**

### 5. Statement of assets, liabilities and reserves and fund balances

*Land and buildings*

41. In its previous report (A/63/5/Add.3, para. 37), the Board recommended that UNRWA account for all its land and buildings in its financial statements. UNRWA had informed the Board that the change in accounting policy for land and buildings in the financial statements was in accordance with a recommendation of its Audit and Inspection Committee, and the amount for the prior period represented the cumulative expenditure on land and buildings which had been expensed since the inception of the Agency. Furthermore, it had planned to engage the services of an independent firm of property consultants to undertake a revaluation exercise by the end of 2008 that would help it to determine the fair value of all its land and buildings, which would be reflected under IPSAS. UNRWA has recorded an amount of $117.3 million as at 31 December 2009, compared to $88.5 million as at 31 December 2007, on the face of its financial statements. This was based on a $28.3 million valuation for projects to finance buildings, and addition of $6.8 million through construction work in progress that had been completed and released to non-expendable property.

42. UNRWA informed the Board that it had completed its process of identifying properties that were in the name of the Agency. The next phase of performing the relevant valuations for the properties had been started and was still in progress. The risk still remains that the stated value of the land and buildings in the financial statements is misstated, as the valuation exercise was not complete.

43. **UNRWA agreed with the Board's reiterated recommendation to continue its process to ensure that it accounts for all its land and buildings in its financial statements.**

*Classification of contributions receivable in the financial statements*

44. The Board noted an amount of $20.1 million that had been classified as contributions receivable under regular funds earmarked whereas the debtor was part of the unearmarked regular funds. The Board noted that lack of adequate review of the financial statements could have led to the misclassification, thereby reflecting the incorrectly allocated amount.

45. UNRWA stated that the contributions received were allocated directly to the regular budget unearmarked funds. The accruals to the regular budget were

presented in the earmarked funds because of the restriction to availing this fund for use as it was not received yet.

46. The Board noted that the receivable of $20.1 million does not change to being earmarked once it is received. Thus, its designation would be unearmarked whether it is actually contributions received or contributions not yet received but accrued.

47. **UNRWA agreed with the Board's recommendation to correct the classification of $20.1 million from contributions receivable under regular funds — earmarked to regular funds unearmarked.**

*Management of contributions receivable*

48. The Board reviewed the process of recording, monitoring and following up contributions receivable and noted that confirmed pledges were managed outside the financial management system. The contributions receivable amount of $20.1 million was aggregated by using Excel spreadsheets at year end, which was subsequently recorded in the general ledger (financial management system) by the Accounts Division.

49. The Board noted that the detailed transaction logs relating to individual contribution receivables were not sufficiently detailed and captured according to events and activities (i.e., total number of pledges per donor, for the general fund and for specific projects) as recorded in the general ledger for each individual contribution receivable. This was due to inadequate processes utilized in the compiling of the data for contribution receivables and the eventual capturing in the general ledger. Furthermore, UNRWA was not able to provide evidence that reconciliations were performed between the contributions receivable control account in the general ledger and the individual contribution accounts maintained in the manual accounts receivable system, nor was UNRWA able to provide the Board with an age analysis for contributions receivable. The Board was not provided with evidence that UNRWA reviewed the individual receivables listing.

50. The lack of preparation and review of an age analysis for outstanding contributions creates a risk that the Agency would not be in a position to monitor outstanding pledges from donors, which could adversely affect cash flows.

51. **UNRWA agreed with the Board's recommendation to: (a) implement adequate processes to record and capture outstanding pledges; (b) conduct regular review of outstanding pledges in order for the Agency to keep track of long-outstanding pledges; and (c) implement processes to review the listings of pledges compiled outside the financial management system.**

*Disclosure of inventory*

52. UNRWA implemented an accounting policy change in the biennium concerning consumable inventory, as disclosed in note (c) 2.11 and note 13 of the financial statements, and recognized opening inventory amounting to $31.6 million as at 1 January 2008, after adjustments amounting to $4.8 million.

53. The notes to the financial statements in relation to the accounting policy did not clearly indicate the account balances that would be impacted by the implementation of the new accounting policy, e.g., impact on opening reserves. The

Board noted adjustments in the inventory note disclosure in the financial statements that were not adequately explained.

54. **UNRWA agreed with the Board's recommendation to revise its disclosure notes to its financial statements to include information on account balances affected by the change in accounting policy.**

*Provident Fund payable*

55. The UNRWA Provident Fund financial statements reflected accounts receivable as at 31 December 2009 amounting to $72,974. The Board agreed this amount to the amount reflected in UNRWA financial statements as at 31 December 2009.

56. The Board compared the amounts per the line items in the note disclosure for accounts payable in UNRWA financial statements (note 4) and accounts receivable in UNRWA Provident Fund financial statements (note 6) and noted that although the opening and closing balances agreed, the activities recorded during the biennium did not agree on a line-by-line basis.

57. The differences in the amounts by individual line items in the accounts receivable/accounts payable disclosures by UNRWA and the UNRWA Provident Fund increase the risk that the line items may be misstated in the financial statements of both entities.

58. UNRWA indicated that the reconciliation had already been performed and the differences were as a result of the different accounting standards used by the UNRWA Main Fund and the UNRWA Provident Fund, as well as differences in the cut-off dates.

59. **UNRWA agreed with the Board's recommendation to implement adequate cut-off procedures to ensure all transactions relating to the reporting period are accounted for.**

60. **UNRWA agreed with the Board's further recommendation that, together with the UNRWA Area Staff Provident Fund, it ensure that the amounts per the line items included in the reconciliation of the UNRWA accounts payable and UNRWA Provident Fund accounts receivable are agreed and address any differences noted in amounts disclosed in the financial statements.**

61. UNRWA stated that with the planned enterprise resource planning initiative to be implemented by the Agency, an accepted cut-off date would be established, with the result that there would be automation of financial entries between UNRWA and the Provident Fund.

*Overstatement of accounts payable*

62. The Board established that included in UNRWA payables was an amount of $11.7 million relating to advance payments made to suppliers, and that amount was also disclosed as prepayments under current assets in the balance sheet. Note 14.3 of the financial statements incorrectly stated that $11.7 million was also included in accounts payable and was thus misleading.

63. **UNRWA agreed with the Board's recommendation to revise note 14.3 to correctly reflect transactions that have occurred.**

*Controls over accounts payable*

64. The Board noted that the Agency did not prepare and review creditors' reconciliations on a monthly basis. The current practice was that a payables list in the form of an ageing analysis was prepared at the end of the biennium and served as a reconciliation of payables. That created a risk that errors that may occur in relation to accounts payable may not be identified and addressed in a timely manner. The Board noted that there was a lack of review of the ageing analysis of payables in the Syrian Arab Republic field office. The Board was concerned that a lack of regular reviews meant that there was no mechanism used to follow up on long-outstanding creditors.

65. **UNRWA agreed with the Board's recommendation to: (a) enhance its controls over the review of the accounts payable listings and the ageing analysis; and (b) implement procedures to prepare and review the creditors' reconciliations on a regular basis.**

66. UNRWA stated that a new monthly book closure on working day five of the next month would be introduced from April 2010. During this process, the ageing analysis and the reconciliation of the outstanding creditors would be reviewed on a monthly basis.

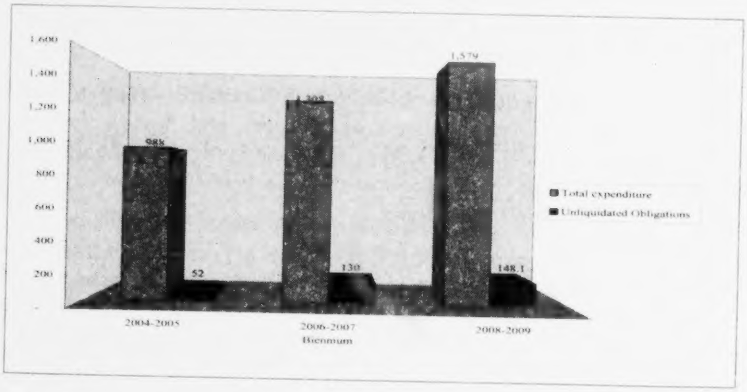
*Unliquidated obligations*

67. Unliquidated obligations as at 31 December 2009 amounted to $148.1 million, representing 9 per cent of the total expenditure and an increase of $18.1 million, or 14 per cent, compared with $130 million as at 31 December 2007. Figure II.III shows unliquidated obligations against total expenditures for the financial periods 2004/05, 2006/07 and 2008/09. The ratio has deteriorated in comparison to the previous biennium, largely because of an increase in commitments to emergency appeal.

Figure II.III

**Unliquidated obligations as against total expenditures**

(Millions of United States dollars)



68. The Board was informed that unliquidated obligations were reviewed on a quarterly basis to determine the status of the commitments and identify long-outstanding commitments that would need to be cancelled.

69. The Board requested the commitments listings that would have been reviewed quarterly and was provided with the budget quarterly review reports. The Board noted that the quarterly budget reviews referred to a general review of the budget and not specifically a detailed review of hard commitments. There was no other information that was provided to the Board to substantiate that reviews of commitments were carried out on a quarterly basis. Moreover, UNRWA was not able to provide a detailed age listing of the hard commitments that reflected the ageing of purchase orders supporting the hard commitments. UNRWA provided an age listing to the Board that summarized the unliquidated obligations in one line, and classified the total amounts in days under 30, 60 and 90 and over a year. The Board was unable to appropriately flag long-outstanding items and select these to the individual items and was therefore unable to obtain assurance that all obligations included were valid and in accordance with the United Nations system accounting standards.

70. The Board was concerned that the significant increase in unliquidated commitments could be a result of the lack of adequate review of the commitments to identify commitments that still represented a valid charge to the budget and those that needed to be cancelled.

71. **UNRWA agreed with the Board's recommendation to implement procedures to perform a regular detailed review of unliquidated commitments.**

72. UNRWA stated that the review of commitments was part of the quarterly budget review in general but not specific terms. In addition, there was an annual review conducted in the fields based on the closure of accounts instruction at the end of the year. However, there was a need for a detailed review of outstanding commitments on a periodic basis to ensure that only valid commitments were kept.

### *Overstatement of the balance of unliquidated obligations*

73. Total unliquidated obligations were originally stated at $265.4 million in accordance with the financial statements submitted to the Board for audit. The Board reviewed the schedule of unliquidated obligations supporting the amount recorded in the financial statements and identified unliquidated obligations amounting to approximately $116 million that were duplicated in the schedule and included in the balance of $265.4 million. The duplicated unliquidated obligations had the same purchase order numbers, were for the same cost centres and were for the same amount.

74. The inclusion of duplicate unliquidated obligations that total over $100 million was a material overstatement of unliquidated obligations, and was a further indication that controls to review outstanding purchase orders, unliquidated obligations and the review of financial statements were not functional and/or effective. The matter was of concern to the Board.

75. UNRWA also subsequently provided the Board with a revised unliquidated obligation listing and made an adjustment to its financial statements to reduce the unliquidated obligations and programme expenditure by an amount of approximately $116 million. That resulted in a revised balance of unliquidated obligations as at 31 December 2009 of $148.1 million.

76. The Board's review of the unliquidated obligation listing (subsequently provided by UNRWA) indicated that approximately $43.7 million unliquidated

obligations were first created in periods prior to 1 January 2008, and had thus been outstanding for a period longer than two years.

77. The Board was concerned that the UNRWA procedures were not adequate to prevent a material overstatement in its unliquidated obligations and that the differences between the supporting schedule and the financial statements were not addressed by management processes and controls during the financial statement preparation process.

78. **UNRWA agreed with the Board's recommendation to: (a) implement procedures to ensure that amounts disclosed in the financial statements are fully supported by relevant schedules and that old obligations are treated in accordance with the United Nations system accounting standards; and (b) strengthen its validation process for unliquidated obligations.**

79. **UNRWA agreed with the Board's further recommendation to consider adequate procedures to enable it to have assurance regarding the accuracy of balances included in its financial statements.**

## 6. Capital assets and construction work in progress

### *Accuracy of construction expenditure*

80. Construction work in progress amounted to $370,201 as at 31 December 2009, compared with $2.8 million for the preceding financial period. The Board noted uncertified final expenditure for a construction project amounting to $246,790, due to inadequate controls over the review and certification of construction work in progress. Without the sign-off of the constructing engineer and the field finance officer, the relevant costs (completeness, accuracy) of the construction work in progress that is released to non-expendable property and is reflected in the assets of the Agency in the financial statements would be in doubt.

81. **UNRWA agreed with the Board's recommendation to enhance controls over the review of construction completion reports and subsequent sign-off for certification purposes.**

82. UNRWA subsequently submitted a certificate signed by the Finance Field Officer dated 6 May 2009 and stated that its controls in that regard required strengthening to prevent similar occurrences.

### *Disclosure of construction work in progress*

83. The Board noted that although construction work in progress had been separately disclosed, the sources of finance for the construction additions were not separately disclosed between regular and project funded construction in note 8 of the financial statements, as required by the United Nations system accounting standards (para. 51). Further, the accounting policy relating to the recognition and measurement of construction work in progress was not described in the financial statements.

84. The formulation of an accounting policy that separately describes the recognition and measurement basis for construction work in progress would enhance the understanding of users of the amounts disclosed in the financial statements.

85. **UNRWA agreed with the Board's recommendation to: (a) formulate an accounting policy for treatment of construction work in progress in the financial statements; and (b) consider adequate disclosure of the sources of financing for the construction additions as required by the United Nations system accounting standards.**

86. UNRWA stated that it will review the accounting policy for construction work in progress as a part of the current fixed assets project implementation, which was expected to be completed by the third quarter of 2010. With regard to sources of funding, UNRWA stated that each project was sourced by different donors, either single or multiple donors. Appendix 3 provides the project. Due to the volume of the information, only consolidated numbers are given in the notes.

### 7. End-of-service liabilities, including after-service health insurance

87. The financial statements reflected end-of-service liabilities amounting to $24.4 million, compared to an amount of $22.8 million at 31 December 2007. These liabilities related to area staff leave encashment balances. The liability was calculated by applying accrued leave days, up to the maximum allowed under the staff rules, to the latest salary for each staff member.

88. The notes to the financial statements disclosed an estimated liability amounting to $227 million as at 31 December 2009 (2007: $206.9 million) for the area staff termination liability, which becomes payable in the event of the cessation of operations of the Agency. The amount was calculated by applying the number of years of applicable service, based on the number of years spent with the Agency and age of the staff member, to the latest salary for each staff member. However, this amount is not a current obligation of UNRWA as there is currently no indication that the Agency will cease to operate and therefore as in prior financial statements, only a disclosure is included.

89. The notes to the financial statements further state that separation costs (after-service health insurance, leave encashment and repatriation grant) of international staff are borne by the United Nations Secretariat and no provision for those costs is made in the financial statements of the Agency. The Board performed procedures to confirm that UNRWA international staff were included in the census data used by the United Nations for the purpose of calculating end-of-service liabilities, and confirmed that they were included in the main financial statements of the United Nations (A/65/5 (Vol. I)). That addresses the lapse in the previous biennium, when UNRWA international staff were not included in the census data. The Board's findings with regard to those end-of-service liabilities are included in the United Nations financial statements (ibid.).

90. UNRWA stated that the liabilities for repatriation grant and leave pay encashment for international staff amounted to $4.3 million as shown in table II.2 below.

Table II.2

**End-of-service liabilities for international staff as at 31 December**

(United States dollars)

| *Category* | *2009* | *2007* |
|---|---|---|
| Provision for repatriation grant | 2 484 797 | 1 800 000 |
| Leave pay encashment | 1 793 722 | 1 400 000 |
| **Total** | **4 278 519** | **3 200 000** |

*Source*: UNRWA financial statements for the biennium 2008-2009.

91. The Board noted, however, that these amounts were not reflected in UNRWA financial statements, while this information had been disclosed in the notes to the financial statements in the prior biennium.

92. **The Board recommends that UNRWA disclose the liabilities for repatriation grant and leave pay encashment in its financial statements.**

### 8. Treasury management

*Bank reconciliations — Gaza*

93. UNRWA reflected cash balances amounting to $337 million as at 31 December 2009 compared to $212 million at 31 December 2007. The Board reviewed the bank reconciliations performed for headquarters (Gaza) and noted that 18 bank reconciliations for the month of December 2009 were not reviewed either by the head of the General Accounts Section or the chief of the Accounts Division.

94. The preparation and review of bank reconciliations is an important control to ensure errors and fraudulent activities are addressed in a timely manner. The Board was concerned that that had not been performed and that lack of such reviews reflected a breakdown in controls.

95. **UNRWA agreed with the Board's recommendation to ensure that senior officers review all monthly bank reconciliations for headquarters (Gaza).**

96. UNRWA stated that bank reconciliation statements henceforth would be signed by the designated officials, and the authorization of the December 2009 bank reconciliation was already in progress.

### 9. Programme and project management

*Project management*

97. In its previous report (A/63/5/Add.3, paras. 154-171), the Board reflected weaknesses in the aspects of project management as follows:

(a) A formal approach to implementing and sustaining programme and project management was not in place for all projects;

(b) There was no system for recording lessons learned in project implementation and their application to subsequent projects;

(c) The project procedures manual for developing and managing a project within UNRWA was last updated in 2003 and required an update to bring it into line with best practice and international standards;

(d) There was a need for liaison by headquarters with field offices to implement the project management support required by them.

98. UNRWA indicated to the Board the measures it had since taken to address the matters highlighted, although none of the issues were fully addressed. UNRWA explained that due to resource constraints, the finalization of the Project Management Handbook was estimated to be accomplished in the third quarter of 2010. UNRWA subsequently stated that the Project Management Handbook had been completed and was due to be reviewed by stakeholders in July and August 2010.

99. UNRWA further stated that the results-based management system that was being introduced during 2010-2011 would include a system to record lessons learned from project implementation. In addition, while the first priority was on generating reports on the progress of the field implementation plans, it was envisaged that other applications would be added at a later stage.

100. The Board also noted similar findings raised by DIOS on its review of the Neirab Rehabilitation Project (NRP), where DIOS noted that UNRWA's project management did not fully comply with project agreement's terms and conditions, the Agency's rules and regulations and lacked sufficient and effective internal controls, in the areas of cash operations, utilizing project advances, receipts and payment vouchers, controls over inventory items, security of project premises and the reconciliation of financial records with the Agency records.

101. **UNRWA agreed with the Board's reiterated recommendation to adopt a policy covering the management of all projects that, inter alia, sets out the responsibilities of all role players, as well as the competencies and training they require.**

102. **UNRWA agreed with the Board's reiterated recommendation to establish a system to record and apply lessons learned in project implementation.**

103. **UNRWA agreed with the Board's reiterated recommendation to update the project procedures manual, with input from the field offices, and benchmark it against best practice and international standards.**

104. **UNRWA agreed with the Board's reiterated recommendation to liaise with field offices to implement the project management support required by them.**

## 10. Procurement and contract management

### *Procurement lead times*

105. In its previous report (A/63/5/Add.3), the Board noted that there were long lead times, ranging from 8 to 12 months, between the requisition for purchase and the capturing of purchase orders, and reiterated the recommendation that UNRWA adhere to the lead time guidelines for the various stages of the procurement process.

106. The Board noted a total number of 74 purchase orders that had been open in the system for a period of up to six months at the Jordan field office. The Board made similar observations in the Gaza field office, Gaza headquarters and the

Jordan field office. Furthermore, UNRWA was unable to provide evidence that long-outstanding purchase orders were followed up on a regular basis.

107. The absence of proper follow-up of long-outstanding purchase orders may result in: (a) problems with delivery not being addressed early; and (b) long-outstanding obligations and budget funds being tied up to those obligations.

108. UNRWA stated that while the Procurement Department shall endeavour to improve follow-up procedures on purchase orders, any such activity may not have the desired effect of shorter turn-around times mainly for the following reasons:

(a) The procurement and inventory management system may not necessarily reflect all steps of the procurement process that occur in practice, meaning that non-finalization of a purchase order or non-closure does not necessarily have to mean the goods were not delivered, as there may well be a quality issue with the order and/or disagreement about the final invoice which takes time to resolve in accordance with the UNRWA regulations;

(b) For part delivery orders issued by headquarters Amman for Gaza, delivery to Gaza may not be smooth or may not happen at all, owing to customs clearance issues which were entirely beyond UNRWA control;

(c) Many of the purchase orders which apparently take very long to finalize have a staggered payment schedule, which means that there was a contractual agreement that goods would be delivered over a certain time period and that partial payments were issued accordingly. Thus, the relevant purchase order would remain open until completion of the final delivery.

109. Furthermore, UNRWA was planning to implement an online tracking sheet for ease of use by offices and would be updated weekly to ensure compliance with purchase order delivery schedules.

110. The Board is of the view that it was possible, owing to instability in the region where UNRWA operates, for the procurement process to result in long lead times. However, the Board is of the view that an adequate review of long-outstanding purchase orders would assist the Agency in monitoring its procurement activities and making interventions where that was required.

111. **UNRWA agreed with the Board's recommendation to implement suitable control mechanisms to review purchase orders on a regular basis and follow up long-outstanding purchase orders.**

*Purchase orders raised after items were delivered*

112. The Board noted that all the purchase orders that related to the purchase of fuel were raised after the fuel had been delivered. The Jordan field office informed the Board that as the fuel price changed frequently, purchase orders for fuel that could be raised in advance would be based only on approximate prices.

113. There was a risk that the Agency would be exposed to negative price variations and that there may not be sufficient resources for purchases that have been delivered. In addition, the lack of the purchase orders may undermine the internal controls relating to acquisition of goods and services, and may not be in compliance with UNRWA policies and procedures.

114. **UNRWA agreed with the Board's recommendation that the Jordan field office consider measures to enable it to comply with the requirement of UNRWA policies and procedures regarding the raising of purchase orders before the goods are delivered.**

*Procurement of inflatable toys*

115. The Board reviewed a contract issued to a supplier for inflatable castles and slides and made the following observations.

*Contract for supplier A*

116. Permission was granted by the officer-in-charge, Director of UNRWA Operations on 20 May 2009 to waive the tendering process and to approach supplier A directly to obtain a price regarding the required items and assess their ability to complete the order for the required number of inflatable castles within the time limit. A purchase order was raised on 26 May 2009 for the purchase of the inflatable toys. The total value of the purchase order was NIS2,252,250 (equivalent $608,107) and the scheduled date for delivery of the required items was 1 June 2009.

117. The Board noted the following:

(a) An advance payment was made before the award was approved under emergency powers;

(b) There was no evidence that the supplier was evaluated before inclusion in the supplier database; however, UNRWA management visited the supplier site;

(c) All payments that were made by UNRWA to supplier A were made based on electronic documentation and recorded as prepayments, until the original invoice was received;

(d) Full payment was effected by UNRWA while goods had not reached the final destination.

118. UNRWA detailed the circumstances to the Board, which gave rise to the discrepancies identified and reiterated its commitment to operating in compliance with the requirements of the Procurement Manual and Financial Technical Instrument. UNRWA stated that the discrepancies apparent in this particular procurement activity were the result of extreme time pressures and the commitment of the Agency to meeting the expectations and needs of its most vulnerable beneficiaries, in the months following "Operation Cast Lead".

119. **UNRWA agreed with the Board's recommendation that the UNRWA Gaza field office consider measures to enable it to comply with the requirements of the Procurement Manual and Financial Technical Instrument number 16 guidelines with regard to the authorization and payment in advance for goods and services.**

120. UNRWA also stated that the Director of Administrative Support conducted a review of the decision taken on 11 May 2009 which indicated that the Gaza field office request for post-facto clearance of the procurement activity had been justified with reasons of urgency (use of "urgency powers" as approved by the Director of the Gaza field office). The award of the contract was "noted" by the Director of Administrative Support on the basis of article 9.4 of the Procurement Manual on

post-facto/retroactive approval while, in accordance with that provision, review was considered as an administrative procedure, not a procurement activity. Post-facto/retroactive approval of contracts was not a procurement process, but an administrative procedure, which allowed for review and ratification of actions which were not undertaken in conformity with the above review and award processes. In addition, as part of the oversight, monitoring and reporting role, the Director of Administrative Support was tasked with analysing and reporting to the Commissioner-General on an annual basis, on exceptions to established procurement processes, with appropriate recommendations, as applicable. The report was scheduled to be completed by the end of May 2010. UNRWA further stated that the "permission for award using urgency powers" should have been signed earlier in the process and assured the Board that the Agency will endeavour to comply with this requirement in all future procurement processes.

121. In addition, UNRWA stated that had time not been so critical, a more rigorous evaluation would have been ideal. However, given the urgency of the procurement, the economic benefits derived from eliminating supplier Z as "middle man", and the fact that supplier Z had previously provided goods from supplier A to UNRWA in a timely manner, UNRWA Gaza made the decision that available information attesting to supplier A's reliability and the quality of its goods would have to be sufficient. UNRWA Gaza is committed to ensuring that the interests of the Agency are protected through the thorough evaluation of all suppliers in the future.

*Procurement of gas, oil and benzene — contract with supplier B*

122. The Board reviewed a contract with supplier B with regard to the procurement of gas, oil and benzene and noted the following.

123. The fuel orders were made verbally by UNRWA, as necessitated by the blockade that limits the amount of fuel that can be imported into Gaza as controlled by the Government of Israel, and there was no supporting documentation to verify the quantity ordered against the quantity received, which was not in compliance with paragraph 3.3.1 of the UNRWA Procurement Manual. Payments were made to supplier B based on e-mailed spreadsheets from the supplier. The goods received note and the purchase orders were created only when the payment was made.

124. Payments made by UNRWA were captured as a prepayment and were cleared only on receiving the final invoice from the supplier as well as the goods received note that was generated by the procurement inventory management system. The Board noted that for the prepayments that were recorded to supplier B on 8 June 2009 and 13 July 2009, UNRWA had, at the time of the audit (10 August 2009), not yet reversed the prepayment entry as supplier B had not submitted its final invoice.

125. UNRWA indicated that it received the final invoice in October and was able to clear the prepayment. UNRWA stated that the agreement with supplier B was to pay on receipt of electronic invoices as the company would not accept delays in payment due to mail access difficulties into Gaza.

126. **UNRWA agreed with the Board's recommendation that it consider ways to enable it to comply with UNRWA policies and procedures with regard to making payment for goods only after the receipt of the necessary supporting documentation (i.e., suppliers invoice and goods received note).**

127. UNRWA explained that two events had specific and significant ramifications in relation to each of the procurement and logistics issues raised. The first was the intensive armed conflict which impacted heavily on the skeleton procurement team in the Gaza field office and the suspension of normal procurement activities and focus rather on emergency activities of relocating displaced persons who were in UNRWA schools. As a consequence of the war, significant physical documentation was destroyed with the shelling of a warehouse. The second event was the blockade of Gaza, thereby requiring UNRWA to undertake special coordination for the entry of all items related to its operations, including fuel. This also impacted on the delivery of normal mail delivery.

128. UNRWA stated that given the exigencies of fuel delivery for the carrying out of UNRWA humanitarian and development operations which benefit over 1.1 million refugees in Gaza, and in order to save as much money as possible for the Agency, UNRWA was compelled to enter into an agreement which it acknowledged was not optimal, but was absolutely necessary in the circumstances.

129. UNRWA further stated that despite operating under extreme time pressure and incredibly difficult and constraining circumstances, the UNRWA Gaza field office did its utmost to carry out each of its procurement activities in accordance with the guiding principles outlined in Organization Directive 10 in each of the instances in question.

## 11. Non-expendable property management

130. Non-expendable property consists of property and equipment valued at $2,000 or more per unit at the time of purchase and with a serviceable life of three years or more. As disclosed in note 9 to the financial statements, the value of non-expendable property holdings as at 31 December 2009 amounted to $100.5 million, a 5.5 per cent increase from the previous period balance of $95.3 million.

131. In its previous report (A/63/5/Add.3, para. 74), the Board recommended that UNRWA maintain an asset register that includes all non-expendable property, including land and buildings, that reflect cost, description, asset number and date of acquisition, to ensure accountability of its property.

132. The Board noted that UNRWA was still maintaining a listing of assets on Excel spreadsheet. The process to implement a consolidated asset register had begun but the asset module was not fully implemented as at the end of the biennium. The asset register maintained in worksheets is not optimal and may result in errors in the asset register.

133. UNRWA subsequently stated that the preparation for implementation of the asset register, including configuration and testing of the module and training, was complete and the module was ready for use. The data upload will be completed in time for a September 2010 roll-out.

134. **UNRWA agreed with the Board's reiterated recommendation to maintain a consolidated asset register to ensure accountability for its property.**

### *Asset verification*

135. The Board noted assets not marked with the Agency identification number. At the Gaza field office, the Board was informed by UNRWA that all physical evidence

of regular physical checks undertaken by the Gaza field office during the period from January to December 2008 had been destroyed in a warehouse during the war, and could therefore not be presented to the Board for audit.

136. During the physical verification of assets at the Jordan field office the Board noted the following asset register discrepancies:

(a) The asset register included assets that were surveyed and were therefore required to be removed from the register, amounting to $43,007;

(b) Some assets were not in use but had not been surveyed;

(c) The location of some assets indicated that they were in the Jordan field office when they were transferred to headquarters Amman.

137. A review of the headquarters Amman asset register revealed an asset that was recorded as an amount of $195,800 instead of $19,580, resulting in an overstatement of $176,220. UNRWA did not consider that amount material enough to be corrected.

138. The Board also noted the following deficiencies in the verification at some schools: (a) copies of the asset verifications used during the asset verification were not kept for recording purposes; and (b) the final report detailing the outcome of the asset verifications included only the names of schools where discrepancies were noted.

139. Furthermore, the Board noted that there were approximately over 400 UNRWA physical asset installations in the Gaza Strip and the Gaza field office had allocated the responsibility of asset verifications to only one individual to cover these installations, which could result in inadequate coverage.

140. As a result of the discrepancies noted above, UNRWA management may not have the assurance regarding the existence and valuation of assets and consequently, assets recorded in the assets register could be misstated. The above instances are indications that the physical verifications and review of asset register procedures were not adequate or were not performed adequately.

141. **UNRWA agreed with the Board's reiterated recommendation to comply with implemented procedures to perform physical verification of the existence of assets and the condition of the assets and investigate and adjust for variances.**

142. **UNRWA agreed with the Board's recommendation to: (a) review the asset register to ensure that assets exist and are correctly valued; (b) reconcile the asset register with the result of physical counts; and (c) correct the misstatement in the fixed assets register for the asset item overstated by $176,220.**

143. UNRWA stated that as part of the efforts of UNRWA to become IPSAS compliant before 31 December 2011, a team was in place identifying, valuing and coding all its fixed assets for data entry into its new fixed assets sub-ledger. It was planned that the sub-ledger would go live during 2010. Part of the process would be an UNRWA-wide write-off of obsolete assets, and the assets in question would be reviewed during 2010. UNRWA stated that the implementation of the asset module would result in UNRWA headquarters improving its oversight of records management in relation to assets. However, the bar-coding initiative in accordance

with the organization development process still required funding for it to be rolled out to all field offices.

*Gaza field office — unrecorded transfers of equipment*

144. The Board noted through inspection of the Stock Material Inspection Office physical verification reports that there were instances where equipment was moved from one location to another, there was no notification to the Stock Material Inspection Office in accordance with MSP No. 8. The field office was not able to provide the Board with transfer documents that were used to initiate and authorize the transfer.

145. There was a risk that the Gaza field office may not have adequate controls to enable it to monitor and track the movement of assets between locations, which may ultimately result in the assets being exposed to misappropriation or loss.

146. **The UNRWA Gaza field office agreed with the Board's recommendation to comply with the UNRWA material supply procedures with regard to the movement of assets between locations.**

147. UNRWA stated that all staff had been reminded of their obligations not to move any assets registered in one installation to another location without issuing a note notifying the procurement department.

## 12. Expendable property management

148. Expendable property consists of property and equipment valued at less than $2,000 per unit at the time of purchase and with a serviceable life of less than three years. There are, however, a number of exceptions to this rule. Paragraph 5 of the United Nations system accounting standards requires observance of the principles of prudence, substance over form and materiality in the selection and application of accounting policies. In addition, paragraph 49 requires disclosure of the value of inventory (other than non-expendable equipment, furniture and motor vehicles) as an asset in the financial statements at the end of the financial period.

149. In paragraph 80 of its previous report (A/63/5/Add.3), UNRWA had agreed with the Board's recommendation to consider disclosing in the financial statements the value of unused expendable property at the end of the financial period in order to improve transparency, accountability and financial reporting, and in preparation for the implementation of IPSAS.

150. UNRWA changed its accounting policy with regard to inventories and recognized as an asset for the first time in its balance sheet, inventories amounting to $31.6 million as an opening balance as at 1 January 2008. Inventory as at 31 December 2009 amounted to $40.5 million (consumable inventory of $40.4 million and production-related inventory of $111,369).

151. UNRWA introduced a new procurement and inventory management system, and the following has been adopted as at 31 December 2009:

(a) The initial inventory balance as at 1 January 2008 has been recognized and incorporated in the biennium at $36.4 million. UNRWA stated that because the different operating fields went live at different times in the roll-out of the procurement and inventory management system, it resulted in an opening balance adjustment of $4.8 million;

(b) UNRWA stated that adjustments amounting to $29 million were made on purchase items in the biennium to adjust the last purchase order price taken from the old system (Reality system) during the uploading of the opening balance of inventory items into the procurement and inventory management system module and adjustment during the stock count;

(c) The Board also noted that the costing of inventory was based on the weighted average price method.

152. The Board noted the effort made by UNRWA to begin reflecting expendable property on its balance sheet. Those efforts are subject to refinement and improvement as the requirements of IPSAS become applicable. The Board will continue in its future audits of warehouses to keep the matter under review.

*Issue of inventory*

153. The Board noted at the Jordan and Syria Arab Republic field offices that basic commodity items were issued from the warehouse based on the distribution area officer's informal request to the warehouse controller, i.e., the store demand notes were not issued. Load notes were raised for all the issues from the warehouse without supporting store demand notes. Store demand notes were then raised by the distribution area officers at the end of the distribution cycle, indicating the total number of items received against a specific list of requirements.

154. The process of issuing store demand notes at the end of the distribution cycle constituted a deviation from the UNRWA policies and procedures. Furthermore, it created a risk to completeness and valuation of inventory.

155. **UNRWA agreed with the Board's recommendation to comply with requirements of the procurement and inventory management system user manual with regard to raising store demand notes when issuing inventory from warehouses.**

156. The UNRWA Jordan field office stated that the recommendation had been implemented. The store demand note would be raised as required by the user departments and the warehouse controller would issue against that specific store demand note.

157. The UNRWA Syrian Arab Republic field office indicated that a solution was being sought either through updating current instructions or by issuing clear technical instructions, which could allow some flexibility in applying the related instructions in supply division technical instruction No. 15.

*General inventory management*

158. The Board reviewed the general operations of the Field Procurement and Logistics Office, in South Amman, where the main field pharmacy warehouse, the general store, and the maintenance workshop store were located, and noted the following areas that require improvement:

(a) Similar items were located in three different locations;

(b) There were several categories of inventories that were not coded in accordance with the manual on supply procedures;

(c) The general store was generally well laid out; however a number of items did not have the required item codes and labelling in accordance with the manual on supply procedures.

159. The Board noted some discrepancies between the number of items in accordance with the procurement and inventory management system and the number of items on the floor. The existence of discrepancies was an indication of inadequate controls and/or non-adherence to policies and procedures in relation to non-expendable property management, which exposed the Agency to possible manipulation of inventories, error or fraud in inventory and supplies.

160. UNRWA stated that the discrepancies noted by the Board may have been due to inventory movements between the date of inventory listing (21 July 2009) and the date of the count (26 July 2009), especially given the volume and frequency of real time stock movements. However, the Board noted that UNRWA was not able to provide documentation that supports the stock inventory movements and/or discrepancies.

161. **UNRWA agreed with the Board's recommendation to: (a) improve its periodic inventory count procedures to address the discrepancies between the purchases and inventory management system and actual quantities on the warehouse floor; (b) implement procedures to ensure that all items received into the warehouse are recorded in the procurement and inventory management system in a timely manner; and (c) comply with the Manual on Supply Procedures in the recording and storage of inventory.**

### 13. Human resources management

#### *Human resources plan and monitoring of vacancies*

162. The Board reviewed the UNRWA human resource management strategy dated September 2009, which outlines the Agency staffing, training, performance management, compensation management, human resources management service delivery in the field offices and headquarters, gender equality and line management strategy.

163. The Board noted that the human resources management strategy was not cascaded into a detailed human resource plan for the Agency (i.e., field offices and headquarters) for the biennium ended 31 December 2009. According to the human resources management strategy, the implementation/completion date for the strategies/initiatives was 30 September 2009. However, the management of the Human Resources Department stated that not all strategies/initiatives had been completed or implemented (for example, the performance management system was scheduled to be completed by the fourth quarter of 2009, and post classification was scheduled to be completed by the first quarter of 2008).

164. The Board reviewed the Agency area staff vacancy rate as at 31 December 2009 and noted that there was a deterioration in the vacancy rate for area staff members when compared to the prior biennium with the exception of the Gaza field office (vacancy rates are listed in table II.3). Furthermore, the Board noted that UNRWA had no formal structures to monitor area staff vacancy rates at the field offices or headquarters. The Board also noted several international and area staff posts that were vacant for long periods, including a number of vacancies in the Finance Department of UNRWA.

Table II.3
**Vacancy rate in percentages at field offices and headquarters**

| | *Field offices* | | | | | *Headquarters* | | |
|---|---|---|---|---|---|---|---|---|
| *Biennium ended* | *Gaza* | *Jordan* | *Lebanon* | *Syrian Arab Republic* | *West Bank* | *Amman* | *Gaza* | *UNRWA* |
| December 2007 | 6.09 | 3.23 | 6.87 | 3.25 | 8.46 | 15.75 | 11.11 | 7.82 |
| December 2009 | 5.20 | 7.90 | 8.81 | 5.38 | 9.75 | 17.52 | 11.89 | 9.49 |

*Source*: UNRWA statistics.

165. Statistics relating to the Agency vacancy rate provided to the Board were manually sourced by the respective field offices and headquarters owing to limitations of the current human resource module in providing such information.

166. UNRWA stated that the Agency-wide human resources strategy had culminated in the Human Resources Department workplan for implementation through 2010, and that due to field Human Resources Department restructuring (once "on-boarding" of all field human resources officers is completed in the coming months), the Department was planning a retreat in the second half of 2010 to develop a human resource plan for all field offices. In addition, a human resource planning pilot was ongoing at the Jordan field office.

167. In addition, UNRWA stated that the Human Resources Department had created a monthly area staff vacancy rate report which was circulated to headquarters department heads and as a result hiring managers were expected to cooperate with the Human Resources Department with a responding recruitment plan. UNRWA also stated that a number of headquarters vacancies were left unfilled as part of the Agency cost-saving measures.

168. The Board took cognizance of the challenges facing the Agency in regarding funding of available posts and accessing the recruitment market for suitable candidates. However, the Board was concerned that long-vacant positions may have a negative effect on service delivery of the Agency as a whole and may also negatively affect the day-to-day operations of the Finance Department.

169. **UNRWA agreed with the Board's recommendation to: (a) fully implement the human resource plan; and (b) implement procedures to monitor/address the vacancy rate.**

170. **UNRWA agreed with the Board's reiterated recommendation to develop human resource plans for its field offices taking into account the human resource management strategy.**

171. UNRWA stated that the majority of vacant posts were frozen upon the request of the hiring department in the light of the critical financial situation of the Agency. Linked to the organizational reform process recommendations, staffing reviews and workforce planning activities would be initiated by the Human Resources Department to look into workforce planning from an Agency-wide perspective.

*Lead time in the recruitment process*

172. The Board reviewed the recruitment process for positions on the current staff establishment that were vacant and noted that there were substantial delays (91 per

cent of the sample selected) in filling the vacant posts. UNRWA stated that the long lead times were a result of delays in the selection process from the closing date of applications for posts, to when the short-listed candidates were invited for interviews and the final recommendation of the preferred candidate for appointment.

173. Furthermore, the Board noted that in certain instances, there were substantial delays to advertise positions that were vacant from the date the vacancy arose. The Board reviewed the amount of time it took to fill vacant posts and from a sample of five staff posts selected for review, noted that four posts were filled only after a period of at least eight months from the date when the post originally became vacant.

174. **UNRWA agreed with the Board's recommendation to ensure that vacant positions are filled in a timely manner.**

175. UNRWA stated that it issued guidelines to facilitate timely filling of vacancies and set a maximum of 90 days to fill vacancies, and it will monitor compliance with this goal through the headquarters implementation plan 2010-2011. UNRWA stated that two events made staff recruitment in Gaza especially challenging, i.e., the outbreak of the Gaza war (late in 2008 and early in 2009) and the consideration during the fall of 2009 of a possible restructuring of the Finance Department in Gaza and Amman with the overall aim of streamlining business processes. A final decision in this regard has yet to be reached, and as a result: (a) some posts were put on hold; and (b) in some cases, UNRWA had taken on temporary staff. These temporary measures were in place until a final determination of the post location and functions is made by the Agency.

### *Performance management system*

176. In its previous report (A/63/5/Add.3, paras. 90-93), the Board noted that UNRWA did not compile personal development plans for all staff as part of the performance appraisal process. The Board further noted that supervisors did not provide documented feedback during performance appraisal reviews of staff members.

177. The Board was informed that a new performance management policy had been finalized in March 2010, including components of staff development and human resources succession planning. The policy and implementation plan (starting with school year 2010-2011 for education staff) had started at the end of March 2010. UNRWA further stated that for international and area staff grade 16 and above, it had been implemented, and in the rest of the Agency, will be implemented by the end of 2011.

178. The Board was concerned that its recommendation had been outstanding for several years, and had not been fully implemented for all staff.

179. **UNRWA agreed with the Board's reiterated recommendation to compile personal development plans for the rest of its staff as part of the performance appraisal process.**

### *Letters of appointment — Syrian Arab Republic field office*

180. The Board noted instances of staff appointments where the letter of appointment was signed at least six months after the employee had started work at

UNRWA. In the event of a dispute or contractual disagreement involving either the employee or UNRWA, there was a risk that either party may have been disadvantaged owing to there being no formal/signed agreement between the Agency and the staff member.

181. **UNRWA agreed with the Board's recommendation that the UNRWA Syrian Arab Republic field office comply with UNRWA personnel guidelines with regard to issuing letters of appointment at the time when the appointments are made.**

182. UNRWA stated that it will proceed to address the concerns raised as they apply specifically to the Syrian Arab Republic field office.

*Prior authorization and payment of overtime*

183. At UNRWA Gaza headquarters, the Board noted instances where overtime was not paid in accordance with the stipulations of the UNRWA Personnel Directive A1. The Board also noted instances where overtime was worked by staff members without authorization.

184. There was a risk that funds meant to be expended on service delivery outputs could be utilized to cover the overtime expenditure, especially in the stringent times that the Agency was facing in the biennium under review.

185. **UNRWA agreed with the Board's recommendation that UNRWA headquarters Gaza take steps to ensure that all overtime worked is authorized by the delegated official in accordance with personnel directive A1 prior to the actual working of overtime by employees.**

186. UNRWA stated that the situation would be rectified by close monitoring and guidance of all concerned departments, and in addition a circular would be issued to that effect. A new form would also be designed with the aim of making it more self-guiding to users.

*Advances to staff for home travel*

187. The Board noted instances where there were delays by staff members in providing the necessary supporting documentation relating to home leave and family visit travel (in some instances up to 18 months) whereas staff members were required in terms of the personnel directive to provide the information within 10 days of completion of travel. In all the instances noted, staff members received a lump-sum payment prior to their travel and as at 11 April 2010 had not reconciled or settled their lump-sum. The Board was not provided with an aged analysis of outstanding home travel advances.

188. Delays in reconciling/following-up of long-outstanding advance lump-sum payments may result in UNRWA not being able to recover outstanding advances to staff. Further, in instances where staff members separate (two instances were noted) from UNRWA employment, those funds may not be recoverable.

189. **UNRWA agreed with the Board's recommendation to take steps to ensure that all procedures relating to lump-sum advances for travel are complied with.**

190. UNRWA stated that the monitoring and follow-up of clearing documents on completion of home leave and family visit travel was interrupted owing to a change

of staff in the International Personnel Section. New staff members have since been recruited and were implementing an improved follow-up and monitoring system. UNRWA stated that many of the cases reviewed by the Board were for staff based in Gaza, where there had been significant disruption matters due to hostilities. All the cases noted by the Board will be addressed by 31 May 2010.

## 14. Organizational environment and controls

*Organizational risks of the Agency*

191. The Board has highlighted in this report, the impact on the control environment of the difficult operational conditions under which UNRWA operates. The effect of restrictions on the free movement of goods, services, supplies and personnel into Gaza for several years, as well as the January 2009 war in Gaza have the potential to limit the effectiveness of the controls exercised by UNRWA and its officials.

192. UNRWA has a system of controls, rules, procedures and financial technical instructions which under circumstances of the war and the blockade are not fully or strictly complied with. Under these circumstances, UNRWA delivers its mandate with difficulty and is sometimes compelled by the constraints of the context to avail itself of exceptional waivers to the relevant rules.

193. UNRWA justifies this treatment by its need to continue to deliver its services in accordance with its mandate. In the light of the matters detected and highlighted in this chapter, the Board is concerned that the operational conditions that exist in Gaza place a heightened risk on the proper functioning of certain internal controls.

194. The matters which are relevant to this discussion are:

(a) Owing to lack of banking facilities in the Gaza Strip, UNRWA at times maintains cash balances to ensure it can pay staff in times of crisis. The carrying of cash presents a risk of loss through theft, and danger to UNRWA personnel, as well as a difficulty in maintaining an audit trail of payments that is usually possible when payments are made by cheque;

(b) The Board detected two procurement actions that were not completely regular as they did not fully comply with UNRWA policies and procedures. For example, a competitively selected Gaza-based supplier had to surrender his contract to an Israel-based contractor. In other cases, certain suppliers preferred to be paid upfront, before delivery. In another case, UNRWA was able to procure fuel supplies only from the designated operator of the pipeline between Israel and Gaza, and could not source alternative suppliers in a competitive market;

(c) The volatile security situation in the Gaza Strip, as well as restrictions on the movement of UNRWA staff, had at times led to difficulties for UNRWA to implement effective internal controls, such as physical inventory counts. UNRWA explained that source documents related to inventory records had been destroyed during the January 2009 war;

(d) UNRWA had not reviewed the bank account reconciliations for the accounts based in its Gaza headquarters;

(e) UNRWA is obliged to make payments to suppliers without original supporting documents, as there is no reliable or timely mail delivery service;

(f) As previously reported by the Board, UNRWA still had large balances of unliquidated obligations as a result of the border blockade that affects delivery of goods and services. Thus, fund balances reflect high balances for projects not yet implemented;

(g) UNRWA has high levels of vacancies which are attributable partly to the lack of stability in the area of UNRWA operations.

195. The Board is concerned that operational conditions that exist in the UNRWA area of operations as reflected above, place a heightened risk on the proper functioning of certain internal controls. In addition to the matters highlighted above, other areas of non-compliance could be present but were not detected by the Board during its sample testing.

*Organizational risk assessment*

196. The Board considered the control environment of the Agency as a whole, including the activities of the Department of Internal Oversight Services, and noted that an agency-wide risk assessment exercise had been performed with facilitation by the Department of Internal Oversight Services, and in consultation with the Programme Directors (Education, Health, Relief and Social Services) the relevant field offices (Chiefs, Officers and Project Heads in the respective field offices), and the support functions.

197. UNRWA stated that a concept paper had since been developed, including a risk assessment methodology, following which a consultant was recruited to support headquarters departments and field offices to develop their own first drafts of risk registers, with the initial phase of the exercise expected to be completed shortly after the first quarter of 2010, and that the process of incorporating the use of the registers, inclusive of risk mitigation measures, would commence during the second half of 2010.

198. **UNRWA agreed with the Board's recommendation to further develop the Agency-wide risk assessment exercise and formulate cost-effective responses to risks identified.**

*Board of inquiry and investigation — Syrian Arab Republic field office*

199. The Board reviewed the functioning of the Board of Inquiry and Investigation and noted the following weaknesses in the process followed:

(a) Lack of terms of reference;

(b) The composition of the Board of Inquiry and Investigation in all cases did not include a member qualified in legal matters;

(c) A formal template was not used when obtaining statements from witnesses;

(d) Lack of guidance or policy/directive that dealt with the subject.

200. **UNRWA Syrian Arab Republic field office agreed with the Board's recommendation to: (a) adhere to due process as stipulated in the UNRWA inter-office memorandum with regard to the convening of the Board of Inquiry and Investigations; and (b) formulate, approve and implement a policy/directive to address the roles and functions of a Board of Inquiry and Investigations.**

## 15. Information technology

*Planning, policies and procedures — information technology security policy*

201. In its previous report (A/63/5/Add.3, para. 121), the Board noted the lack of an approved information technology security policy and recommended that UNRWA develop an information system security policy to enforce and regulate access to sensitive and confidential data and information. The Board was informed that the information security policy was approved and communicated to all stakeholders in 2009.

202. The Board noted that the draft information technology security policy had large gaps and had not considered several items that are generally included in an information technology security policy, which could be an indication that UNRWA had not fully considered its information technology security requirements.

203. The responsibility for information technology security at UNRWA had not been formally delegated to an appropriate individual (such as the information security officer) by the head of the Agency, which is considered good practice.

204. Without a sound security policy, users may not have adequate procedures to follow in order to minimize the risk of errors, fraud and the loss of data confidentiality, integrity and availability. Also, management would be unable to maximize the protection of UNRWA information systems assets or detect and report information systems security violations that might compromise the integrity and confidentiality of data.

205. UNRWA indicated that its information technology security policy had since been approved and communicated to all relevant stakeholders.

206. **UNRWA agreed with the Board's recommendation to monitor compliance with its security plan on a regular basis.**

207. **UNRWA agreed with the Board's recommendation that the head of the Agency, the Commissioner-General, formally delegate the responsibility for information security at UNRWA in writing to an appropriate individual.**

*Planning, policies and procedures: program change control — reviews and access*

208. The Board reviewed the program change control process of the RAMCO financial management systems by selecting a sample of change requests and noted the following weaknesses:

(a) During discussions with information technology management, the Board was informed that programmers did not have any permission to make any changes to the programs on the production server. However, the programmers could access the database and production through the FINADMIN, PAYADMIN and PIMSADMIN accounts;

(b) There were no procedures performed to review all program changes made in the production environment to ensure that changes related to valid and approved change requests;

(c) Activities of the database administrators were not regularly reviewed.

209. Lack of review and quality assurance checks in the change control procedures could result in changes that were not in accordance with the change request

requirements and could result in an increase in the likelihood of unauthorized changes being introduced into key business systems.

210. **UNRWA agreed with the Board's recommendation to: (a) implement procedures to restrict the programmers' access to the production environment; (b) perform regular reviews of all program changes made in the production environment to ensure that the changes relate to valid and approved change requests; and (c) regularly review the activities of the database administrators.**

211. UNRWA stated that the recommendation was in the process of being implemented. Programmers' access to the production environment was being addressed and measures to restrict access to the production would be implemented. Reviews of program changes and the activities of the database administrator required additional resources and would be implemented once new staff (currently under recruitment) were on board.

### *Planning, policies and procedures — disaster recovery plan*

212. In its previous report (A/63/5/Add.3, para. 106), the Board noted that UNRWA did not have a disaster recovery plan or business continuity plan that had been developed, documented and communicated and reiterated that UNRWA should: (a) develop a comprehensive disaster recovery and business continuity plan and communicate the plan to all personnel; (b) test, review and update its disaster recovery plan on a regular basis. The Board noted that the disaster recovery plan had not been completely developed. As a result, the plan had not been tested.

213. UNRWA informed the Board that the United Nations Logistical Base was in place to assist in the recovery of UNRWA operations in the event of a disaster, and that UNLB would be able to recover critical operational systems of UNRWA. The Board noted, however, that the memorandum of understanding, with the service-level agreement attached as an addendum, between UNRWA and UNLB did not include/provide for the recovery of the RAMCO systems. The Board was concerned that its recommendation had not been fully implemented since it was first raised in 2002-2003.

214. **UNRWA agreed with the Board's reiterated recommendation to: (a) develop a comprehensive disaster recovery and business continuity plan and communicate the plan to all personnel; and (b) test, review and update its disaster recovery plan on a regular basis.**

215. **UNRWA agreed with the Board's further recommendation to establish a specific arrangement for recovery of critical operational systems with a service-level agreement with the United Nations Logistics Base/Department of Field Support.**

216. UNRWA stated that technical elements required for the implementation of the disaster recovery plan were completed and the initial testing was conducted at headquarters to validate and update the disaster recovery plan before it is communicated Agency-wide. Accordingly, the service-level agreement for critical enterprise systems and services will be reviewed and established with the Department of Peacekeeping Operations.

*Planning, policies and procedures — user account management procedures*

217. The Board reviewed the user account management practices and procedures at UNRWA and noted the following weaknesses regarding user account management:

(a) There were no procedures to review accounts usage and to identify inactive accounts;

(b) There were no procedures to perform periodic checks to ensure that employees' current system-level access was commensurate with their job responsibilities;

(c) Periodic logging and review of unauthorized access to the operating system and RAMCO systems were not regularly performed (for example, reviews of login and access violations);

(d) Activities of persons with powerful privileges (super users) were not reviewed regularly by an independent person.

218. The Board also noted eight instances in a sample of 30 users (27 per cent) where there were no user access request forms that were completed before a user was granted access to the network.

219. Further, access request forms could not be provided to the Board by UNRWA for 24 users out of a sample of 30 users (80 per cent) with access to the RAMCO systems.

220. The Board was concerned that inadequate user account management procedures might lead to users being granted access that was not in line with their job responsibilities, and availability, reliability and integrity of information might be impaired.

221. **UNRWA agreed with the Board's recommendation to: (a) implement procedures to monitor the validity of user accounts on a regular basis; (b) implement procedures to log and review irregular system activity; (c) implement procedures to monitor the activities of persons with powerful privileges (administrator privileges) by an independent person on a regular basis; and (d) ensure that access request forms are completed and signed by the respective supervisor and information systems department official before a user is granted access to the system, and maintain a record of those forms.**

222. UNRWA stated that procedures were now in place to carry out periodic reviews of inactive operating/system accounts and to update access request records. A review of irregular system activity and the activities of persons with privileges to systems will be implemented once additional staff (under recruitment) were on board.

*Physical and environmental controls*

223. The Board reviewed the physical access and environmental controls of UNRWA systems and noted several weaknesses in the controls to the two server rooms at UNRWA Amman headquarters. The details of the weaknesses have been communicated to management.

224. The Board was concerned that the lack of adequate physical and environmental controls might lead to unauthorized access to the server room and the inability of UNRWA to prevent hazards to the servers.

225. **UNRWA agreed with the Board's recommendation to improve the environmental and physical access controls by addressing the weaknesses identified.**

226. UNRWA stated that all the physical access and environmental control weaknesses had been addressed after installation of necessary equipment.

*Operations — inadequate back-up and off-site procedures*

227. The Board noted that a formal back-up procedure existed and that back-ups were performed on a daily basis. However, the Board noted the following weaknesses in the back-up activities and procedures:

(a) The safety of the daily and weekly back-up tapes could not be assured as those backup tapes were kept in the office cupboards and server room. The monthly full back-ups, however, were stored in a fireproof safe in a separate office;

(b) There was also no formal arrangement for the off-site back-ups as prescribed by the back-up policy and therefore no back-up tapes were kept off-site.

228. UNRWA informed the Board that as of the date of the review, daily rotating working sets of back-up tapes that were frequently used were kept out of the safe. The permanent monthly back-ups were all kept in a fireproof safe. However, the tape-handling process would be reviewed and improved as necessary.

229. The Board further noted that the monthly back-up tapes were made out of the daily and weekly tapes and therefore it was not safe to keep the daily and weekly tapes out of the safe, as data could be lost for a month in the event of a disaster. Therefore, it was important that all back-up tapes of system software, applications and data were safely kept, preferably at an off-site location. That was also the requirement in accordance with the back-up policy and instructions, which were currently not being adhered to.

230. The Board was concerned that without adequate back-up procedures, there was a risk that UNRWA would not be able to recover the RAMCO systems in the event of a disaster.

231. **UNRWA agreed with the Board's recommendation to: (a) establish an off-site storage facility for back-ups in accordance with UNRWA back-up policy and procedures; and (b) establish a formal arrangement with regard to the off-site back-up facility as prescribed by the back-up policy.**

232. UNRWA stated that the recommendation had been implemented and the back-up policy and operations updated and communicated to all locations pursuant to the recommendation.

*Operating system and logical systems — security on the Windows domain controller*

233. The Board used an automated security tool (SekChek) to evaluate the logical security settings on the Windows domain controller at UNRWA. The results of the weaknesses identified were provided to management. Further, the following features were not enabled in order to enhance the security of the parameters of the system:

the password complexity; the settings that require a user to log onto the domain in order to change their password; and auditing features for account logon event, directory service access, log events, objective access, privileged use, process tracking and system event.

234. The following events and activities were identified by SekChek, which would require follow-up:

(a) A number of users had not changed their passwords recently;

(b) A number of users had not logged onto the system recently and should be removed if access was no longer required;

(c) Various accounts had administrator privileges and should be reviewed for appropriateness;

(d) The default administrator account was not renamed;

(e) Potentially dangerous Windows services, such as RasAcd, RasMan, RemoteAccess and NdisWan, were running and should be reviewed for appropriateness.

235. The Board was concerned that the system parameters could easily be breached and unauthorized access could be gained to the operating system owing to weak security settings.

236. **UNRWA agreed with the Board's recommendation to review the system parameters and address the weaknesses identified by the security check report on the Windows domain controller.**

237. UNRWA stated that the recommendation had since been fully implemented. Password policy issued in Information Systems Department Technical Instruction No. 5 was now fully enforced on the Windows domain controller, addressing all the weaknesses identified.

*Organization — segregation of duties and the role of the enterprise system administrator*

238. The Board noted that the enterprise system administrator was responsible for system administration, system maintenance, as well as database administration. Those functions were incompatible and should be segregated.

239. The Board was concerned that if the function of creating, modifying and terminating users, performing system maintenance and programming, as well as adding/deleting tables and fields to the database, were those of one person there was a risk that errors and fraudulent activities may not be independently detected and prevented in a timely manner by internal controls.

240. **UNRWA agreed with the Board's recommendation to ensure that the critical functions for system administration, programming and maintenance are not performed by the same person or alternatively, implement an independent monitoring function as a compensating control.**

241. UNRWA stated that an additional resource under recruitment would be utilized to explore the alternative monitoring function.

*Other findings of the Department of Internal Oversight Services in relation to information technology*

242. The Board also noted that the Department of Internal Oversight Services performed work in relation to information technology and noted the following weaknesses in the procedures and controls that might raise the risks to the UNRWA network and the integrity of data: coordination on information technology developments between the field offices; full recovery tests not done by field offices; inadequate design and implementation of standardized procedures across the field offices; and lack of refinement of the server administration.

## 16. Internal audit function

*Independence of the Advisory Committee on Internal Oversight*

243. As part of the Board's consideration of the work of the Advisory Committee on Internal Oversight of UNRWA, the Board considered its composition. In terms of common practice in the United Nations, the chair of an audit committee should be an independent, non-executive person with the required skills and knowledge. The Cadbury Commission report on the Financial Aspects of Corporate Governance, on Audit Committees, paragraph 4.35 (b) states that membership should be confined to the non-executive directors of the company and a majority of the non-executives serving on the committee should be independent.

244. The Board noted that the position statement of the Internal Audit Services of the United Nations entities and Multilateral Institutions stated that the audit committee and its members should be independent and objective as one of the accepted principles of audit committees. As a good practice, the position statement further states that:

(a) The audit committee should be composed entirely of independent external members of the entity;

(b) The audit committee should have no management powers or executive responsibilities.

245. However, UNRWA Organizational Directive No. 24, Charter of the Advisory Committee on Internal Oversight, paragraph 9, states that the Deputy Commissioner-General shall be the chair of the committee or in his/her absence, an external member may be elected by the members present to serve as the chair.

246. The provisions of that Organizational Directive mean that the chair, being a senior official of the Agency, is neither independent nor non-executive. Although the current arrangement is in line with the Agency Organizational Directive, the Board is of the view that an independent and non-executive chair would enhance the perceived and actual independence of the Advisory Committee on Internal Oversight.

247. UNRWA was of the view that as sanctioned by Organizational Directive No. 24, the current structure and functioning of the Advisory Committee was appropriate to the present needs of UNRWA and had over the past three years significantly advanced the positive evolution of the oversight activities of the Agency. UNRWA stated that the present composition of the Advisory Committee allows its proceedings to be adequately independent and objective, while informing its work with close knowledge of UNRWA functions and operations. As UNRWA

continues progressively to develop its oversight functions, the recommendation will be kept under active review.

248. UNRWA stated further that its preference to maintain the existing arrangement continues to be strongly endorsed by the external members of the Advisory Committee on Internal Oversight and that the need to retain the Deputy Commissioner-General as the Advisory Committee Chair was reiterated during its most recent meeting, held in February 2010.

*Financial statements review*

249. The Board reviewed the excerpts of minutes of the three meetings that the Advisory Committee had during the biennium, and noted that the minutes did not indicate whether the financial statements had been reviewed, to give effect to the provisions of Organizational Directive No. 24 — Charter of the Advisory Committee on Internal Oversight.

250. **UNRWA agreed with the Board's recommendation to comply with Organizational Directive No. 24 — Charter of the Advisory Committee on Internal Oversight with regard to the review of financial statements.**

*Staffing*

251. The Board reviewed the Department of Internal Oversight Services staffing table contained in the 2009 annual report of the Department and noted that as a whole it had a vacancy rate of 32 per cent and a vacancy rate for staff in the Professional category of 33 per cent. The high vacancy rate may lead to the Department not being able to fully execute its mandate in fulfilling the duties and responsibilities of the oversight function.

252. The long lead time in recruitment from the time the position was advertised to acceptance of a letter of offer of appointment, as well as the difficulty of attracting appropriate staff for the positions could be the cause for the high vacancy rate. The Board noted that the position of director of the Department of Internal Oversight Services was vacated during the biennium, and a new director was appointed, and that the changes in leadership may have had an impact on the vacancies.

253. **UNRWA agreed with the Board's recommendation to address the vacant positions in the Department of Internal Oversight Services.**

*Reporting to the Advisory Committee on Internal Oversight*

254. The Advisory Committee for Internal Oversight, at its meeting number 24, held on 12-13 May 2008, recommended that the Department of Internal Oversight Services obtain benchmarks from the Institute of Internal Auditors to help the Agency determine whether the Department was properly organized and whether it was prioritizing its work. At its meeting number 26, held on 25-26 June 2009, the Advisory Committee stated that the annual internal audit report for the financial year 2008 necessitated considerable redrafting, and had to be rewritten and resubmitted to the Advisory Committee.

255. No evidence was provided to the Board that the recommendations of the Advisory Committee to obtain best practice benchmarks had been implemented or

that the 2008 Department of Internal Oversight Services annual report had been revised and resubmitted to the Advisory Committee.

256. In its meeting number 24, the Advisory Committee noted that the recommendation made through the independent review of the Department of Internal Oversight Services with regard to the requirements of the Institute of Internal Audit, had not been fully addressed, specifically the recommendation to improve the partnership between management and the Department. The Advisory Committee further noted the lack of implementation of that recommendation in its meeting number 25, held on 30 November and 1 December 2008. The Advisory Committee recommended that: (a) management should invite the Department to participate in process redesign working groups; (b) the Department should provide advice and ensure that its advice is captured and recorded; and (c) if the advice is not heeded or taken into account, the Department should report its concern to the Commissioner-General. The Board noted that the Department and/or management did not report on this matter at meeting number 26, held on 15-16 June 2009, and thus there was no clarity regarding the status of the recommendation.

257. **The UNRWA Department of Internal Oversight Services agreed with the Board's recommendation to plan its activities to address in a timely manner the recommendations of the Advisory Committee for Internal Oversight in relation to its work.**

258. The UNRWA Department of Internal Oversight Services stated that the new era of working relationships between the Department and UNRWA management had been implemented since September 2009, which had included more confident partnerships with management. Since that date, no matter for concern relating to the Department and management had been reported to the Commissioner-General.

### *Review of the Department of Internal Oversight Services annual workplan*

259. The Board noted that the workplans of the Department of Internal Oversight Services for 2008 and 2009 were approved by the Advisory Committee for Internal Oversight. The annual Department report stated that 18 planned audit assignments (as listed in table II.4) had been cancelled, an overall rate of 24 per cent in total of audit assignments planned. The Board noted, after discussion with management in the Department of Internal Oversight Services that there were no documented reasons why the audits had been cancelled; however, there was a high vacancy rate as discussed previously.

Table II.4

**Department of Internal Oversight Services activities in the biennium ended 31 December 2009**

| *Details* | *2008* | *2009* | *Totals* |
|---|---|---|---|
| Planned audits for the year | 24 | 30 | 54 |
| Ad hoc assignments | 7 | 14 | 21 |
| Total assignments | 31 | 44 | 75 |
| Completed | 10 | 26 | 36 |
| Reporting stage | 12 | 9 | 21 |
| Total completed | 22 | 35 | 57 |

| *Details* | *2008* | *2009* | *Totals* |
|---|---|---|---|
| Rate of completion | 71% | 80% | 76% |
| Cancelled | 9 | 9 | 18 |
| Ratio of cancelled to planned audits | 29% | 20% | 24% |

*Source*: Department of Internal Oversight Services annual reports.

260. The lack of completion of the annual internal audit plans may mean that UNRWA would not have the necessary assurance on the areas not audited.

261. **UNRWA, in conjunction with the Department of Internal Oversight Services, agreed with the Board's recommendation to: (a) institute steps to ensure that cancellation of an audit assignment on the approved audit workplan is properly motivated, reviewed and subsequently approved as required by Organizational Directive No. 24 — Charter of the Advisory Committee for Internal Oversight; and (b) ensure that the Department fully executes its annual workplan.**

262. UNRWA stated that although audit assignments were subject to some flexibility in the timing of their execution, due justification for any cancellations was expected. Since September 2009, there had been no audit assignment that had been cancelled.

### *Other areas not covered by internal audit*

263. The Board noted two significant areas that were not covered by the workplan of internal audit during the biennium.

264. The Board noted that UNRWA was making preparations in relation to its implementation of IPSAS. The implementation of IPSAS is a significant project that will affect how the organization performs its functions and has important considerations with regard to the enterprise resource planning system that is utilized by the organization for its information requirements. The Board was not presented with a plan that indicates the scope of involvement of internal audit on such a significant event that affects the organization transversally.

265. Note 2 of the UNRWA financial statements for the biennium ended 31 December 2009 stated that in the event of the cessation of Agency operations, the accumulated termination benefits for area staff at 31 December 2009 was estimated at $227 million ($206.9 million as at 31 December 2007) based on current costs, rules and regulations. The amount represents a significant liability of UNRWA. The Board noted that there were no procedures performed by internal audit during the biennium in relation to the liability.

266. **The UNRWA Department of Internal Oversight Services agreed with the Board's recommendation to consider the International Public Sector Accounting Standards implementation project and the area staff termination liability for inclusion in its annual audit plans**.

267. UNRWA stated that the Department of Internal Oversight Services would foster its involvement in IPSAS activities as soon as UNRWA management had established a strong, realistic and duly approved time frame for implementation of

IPSAS in the Agency. In addition, the recommendation for the review of the staff termination liability was fully accepted.

*Audit of the Provident Fund*

268. In 2008, the Department of Internal Oversight Services performed an audit of the Provident Fund. That assignment had been carried forward from the 2007 annual workplan. The Board noted that there was no internal audit work carried out on the Provident Fund during 2009. The Board reviewed the 2010 and 2011 annual internal audit workplans and noted that the Provident Fund was not included in the plans.

269. The Department of Internal Oversight Services explained that it considered as high risk the financial activity of the Fund and regarded the administrative activity of the Fund as low risk and that it will develop its specific audit assignments accordingly.

270. The Board noted that the Provident Fund secretariat had fiduciary responsibilities over the Provident Fund, which had a large investment portfolio of approximately $1 billion. There is an inherent risk in the management of a large investment portfolio, which would necessitate adequate oversight of its activities. The UNRWA Department of Internal Oversight Services stated that one of the options being considered would be the outsourcing of the Provident Fund audit assignment.

271. **The UNRWA Department of Internal Oversight Services agreed with the Board's recommendation to reconsider the UNRWA Area Staff Provident Fund in its risk-based annual audit workplans.**

*Review of work performed by the Department of Internal Oversight Services*

272. The Board reviewed certain working papers and reports produced by the Department of Internal Oversight Services during the biennium and noted areas that could be improved:

(a) There were instances where the audit programme was not found on the audit file, and therefore the Board could not determine if some audit objectives and the procedures actually performed were the same as the planned objectives and procedures before the execution of the audit.

(b) Sign-off by the senior auditor was not always found on the files reviewed as proof of review and approval of the planning memorandum, audit programme and sample sizes;

(c) Information about the sample size and method of selection was not always documented on the working papers;

(d) The overall conclusion on the audited component in the file was not always documented.

273. **The UNRWA Department of Internal Oversight Services agreed with the Board's recommendation to consider the identified areas of improvement in its execution of work.**

274. The UNRWA Department of Internal Oversight Services stated that it will continue to apply the relevant attention to the areas identified.

*Quality assurance peer review*

275. In its report for the biennium ending December 2007 (A/63/5/Add.3, paras. 139-143), the Board noted that a quality assurance peer review had been conducted on the Department of Internal Oversight Services, in keeping with best practice and in compliance with Institute of Internal Auditors standards. There were 13 recommendations, with four addressed to the UNRWA management and nine addressed to the Department.

276. The Board was informed by the Department of Internal Oversight Services that of the 13 recommendations, seven had been implemented whereas six were still under implementation. The Department called attention to the fact that certain recommendations were process-oriented and could be considered implemented only upon positive feedback in the next external peer review assessment scheduled every five years as mandated under the Institute of Internal Audit standards.

## 17. Internal audit findings

277. The Board reviewed the annual audit reports of the Department of Internal Oversight Services and noted the findings indicated as significant, which are summarized below and elsewhere in this report.

*Background screening of employees at the West Bank field office*

278. The Department of Internal Oversight Services noted that most of the activities in relation to background screening of applicants for vacant area staff and temporary assistants/casual staff posts were not performed thoroughly and adequately at the West Bank field office.

*Policy and procedures for Special Service Agreements Agency Wide*

279. The Department of Internal Oversight Services noted that Organizational Directive No. 10 did not include effective and efficient internal controls concerning special service agreements as some of the controls could not be adhered to and by default caused non-compliance.

*Registration of refugees*

280. The Department of Internal Oversight Services noted instances of weakness with regard to: the segregation of duties between authorization and entering of transactions; inadequate examination and verification of individual transactions and the relevant supporting documentation, which led to duplication and errors in the system records. That was due to a lack of systematic procedures for data review in the registration system. Further, inadequate internal controls over user access for the refugees registration system were noted.

*Area staff Provident Fund*

281. The Department of Internal Oversight Services noted the following with regard to the audit of the Provident Fund: a lack of clarity of the Provident Fund technical instructions; internal control weaknesses and a lack of compliance with Provident Fund technical instructions at field offices and the headquarters Provident Fund committees; weaknesses in the disclosure of specific investment income and losses in the financial statements; irregularities in the reconciliation between the Accounts

Division, headquarters (Gaza) and the Provident Fund secretariat; and missing time frame for implementing two United Nations Board of Auditors recommendations.

*Area payroll staff: Agency-wide*

282. The Department of Internal Oversight Services noted that the Syrian Arab Republic field office should take the lead with Treasury to take the necessary steps to ensure that there were no exchange losses and that proper hedging procedures were followed to avoid such losses.

*Treasury operations*

283. The Department of Internal Oversight Services noted instances of non-compliance with prescribed rules and regulations, policies and procedures of UNRWA, in the area of hedging against foreign exchange movements, where it noted that adequate skills for hedging strategies did not exist and adequate records of hedging activities were not maintained.

*Shatila Health Centre — review of control over assets*

284. The Department of Internal Oversight Services noted several weaknesses with regard to the assets funded by a project, including the following:

(a) Inadequate physical count procedures;

(b) Maintenance of detailed lists of assets and correct coding and labelling of assets;

(c) Assets charged to the project but not delivered to the project site;

(d) Lack of consultation with donors on exceptional circumstances that led to the distribution of equipment and furniture to health centres other than the project site.

*European Commission Humanitarian Aid Office Assistance Programme for the 2008 grant*

285. The Department of Internal Oversight Services noted the following weaknesses in the five field offices visited: lack of timely review and update of instructions and procedures, lack of evidence that social workers were present during the distribution as required by instructions, inappropriateness of health and safety working measures at the warehouses, lack of procedures of reviewing ration cards and referral forms before releasing rations and subsidies to beneficiaries and proper documented control measures, lack of signatures or fingerprints for receiving the food rations on the distribution lists as proof for the beneficiaries' receipts, and lack of coordination between the concerned departments to ensure that sufficient financial resources were available to enable the recruitment of additional personnel to accommodate the ceilings for eligible beneficiaries/families and deliver quality services.

*Compliance with procedures in awarding contracts above $100,000 per annum*

286. The Department of Internal Oversight Services noted the need for internal controls to be strengthened to ensure the effectiveness, efficiency and quality of performance of the committees charged with procurement in complying with procurement procedures.

287. **The Board considers that the findings of the Department of Internal Oversight Services highlighted above reflect deficiencies in the areas concerned and the Board underscores the need for UNRWA to address those deficiencies.**

### 18. Microfinance Department

288. The Microfinance Department is a small programme within UNRWA which provides credit facilities to microentrepreneurs. The Department activities and balances for 2008 and 2009 have been included in the Agency financial statements for the biennium. In addition, Microfinance Department prepares its own separate set of financial statements, on which the Board performs a separate audit. The Board audited the 2008 and 2009 annual financial statements and issued an unqualified opinion for both years. The following issues were highlighted in the 2009 audit:

(a) There were areas of improvement in the presentation of the annual financial statements to comply with the requirements of the International Financial Reporting Standards;

(b) There were delays in acquiring a new management information system approved in 2001;

(c) The Board's assessment of the observations of the internal auditors around the supervision and administration of loan transactions indicated a number of breaches of procedures. The Board stressed that the controls of the Microfinance Department should be given serious consideration, in the light of its growing business, yet inconsistent application of procedures. The Board emphasized the accountability of personnel to apply the rules and procedures.

## C. Disclosures by management

### 1. Write-off of losses of cash, receivables and property

289. UNRWA informed the Board that in accordance with regulation 11.5, property losses of $3,577,866 (2006/07: $nil) had been written off during 2008/2009. In accordance with that regulation, losses amounting to $3 million (2006/07: $6 million) had also been written off in respect of accounts receivable. They included outstanding receivables of $1.5 million and $1.5 million of outstanding pledges. Furthermore, UNRWA reported cash losses amounting to $45,272.

### 2. Ex gratia payments

290. As required by financial regulation 11.5, UNRWA reported ex gratia payments for the period under review, amounting to $75,060 for staff members as follows: $1,875 for settlement of hospital charges; $35,498 payment on separation; $27,687 for final settlement on appeal ($13,869; $10,818 and $3,000); and $10,000 for payment due to a kidnapping in Lebanon.

### 3. Cases of fraud and presumptive fraud

291. The Administration reported 16 cases of fraud and presumptive fraud to the Board in accordance with article VII of the United Nations Financial Regulations and Rules and the related annexure. The cases are described in annex II below.

292. The Board reviewed the report on fraud and presumptive fraud submitted by UNRWA and noted that for the most part, allegations and reports, whether fraud or otherwise, were made directly to the field offices and UNRWA headquarters Amman relied on the field offices to compile the information, assess the complaint, identify the matter as fraud and then take appropriate action. At the end of every year the field offices and the various departments are required to provide headquarters Amman with information on the type of allegations they had received over the course of the year and what action if any, was taken.

293. The Board was informed that management recognized the need to establish a case management system that would require the field offices to enter information on allegations in real time, and then to follow the allegation from assessment through to the completion of the investigation. The Department of Internal Oversight Services was in the process of obtaining a request for a quotation for an off-the-shelf case management system that would overcome some of the present shortcomings.

294. There is a risk that the information reported on as fraud and presumptive fraud cases may be incomplete. That may lead to inadequate determination of the capacity of UNRWA that was required to address cases at field offices, cases would not be easily monitored for execution and finalization, and delays in cases would not be duly monitored.

295. **UNRWA agreed with the Board's recommendation to implement controls that address the weaknesses in controls regarding the management and reporting of cases of fraud and presumptive fraud.**

296. UNRWA stated that in line with internal audit standards and the recommendations issued by the Advisory Committee for Internal Oversight, the management of the field offices of cases of fraud and presumptive fraud had to be directed or monitored under the sole supervision of the Department of Internal Oversight Services. The implementation of an off-the-shelf case management system would contribute to the alignment of the Agency to the best practice regarding this matter, and was under consideration.

## D. Acknowledgement

297. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Commissioner-General, and members of his staff, as well as to the staff at Amman headquarters, Gaza headquarters, the Jordan field office, Gaza field office, and the Syrian Arab Republic field office.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa
Chairman of the United Nations Board of Auditors
(Lead auditor)

(*Signed*) Didier **Migaud**
First President of the Court of Accounts of France

(*Signed*) **Liu** Jiayi
Auditor-General of China

30 June 2010

# Annex I

## Analysis of the status of implementation of recommendations for the biennium ended 31 December 2007[a]

| Summary of recommendation | Paragraph reference | Financial period first made | Implemented | Under implementation | Not implemented | Overtaken by events |
|---|---|---|---|---|---|---|
| 1. Consult with donors to reprogramme resources reflected in balances for unliquidated balances | 27 | 2006-2007 | | X | | |
| 2. Review collectability of Palestinian National Authority debt and make provision for doubtful debts | 32 | 2006-2007 | X | | | |
| 3. Account for all land and buildings | 37 | 2006-2007 | | X | | |
| 4. Determine and record accurately the liability in respect of after-service health insurance | 46 | 2006-2007 | X | | | |
| 5. Update IPSAS implementation plan and ensure it is approved and include all role players and a mechanism for reporting to them in IPSAS plan | 51 | 2006-2007 | | X | | |
| 6. Revise criteria for inclusion of new suppliers in register and identify in procurement policies and procedures how criteria should be applied | 55 | 2006-2007 | X | | | |
| 7. Include all relevant supplier documentation in registration files | 59 | 2006-2007 | X | | | |
| 8. Field offices regularly update registers of approved suppliers | 63 | 2006-2007 | X | | | |
| 9. Review manual stock record-keeping arrangements | 67 | 2006-2007 | X | | | |
| 10. Adhere to lead-time guidelines for various stages of procurement process | 70 | 2002-2003 | X | | | |
| 11. Asset register with all non-expendable property and implement procedures for periodical physical verification of assets | 74 | 2006-2007 | | X | | |
| 12. Disclose value of unused expendable property | 80 | 2006-2007 | X | | | |
| 13. Develop human resource plans for field offices | 85 | 2004-2005 | | X | | |
| 14. Formalize process of succession planning | 88 | 2002-2003 | | X | | |
| 15. Compile personal development plan for staff | 92 | 2002-2003 | | X | | |
| 16. Documented feedback by supervisors to staff members | 93 | 2002-2003 | | X | | |
| 17. Establish gender distribution milestones, monitor all new appointments | 98 | 2006-2007 | | X | | |
| 18. Timely filling of all vacant posts | 101 | 2004-2005 | | X | | |
| 19. Develop disaster recovery and business continuity plan, test, review and update recovery plan regularly | 107 | 2002-2003 | | X | | |
| 20. Improve back-up procedures relating to information technology | 112 | 2006-2007 | | X | | |
| 21. Review and update information systems strategy | 116 | 2006-2007 | X | | | |
| 22. Information systems security policy | 121 | 2002-2003 | X | | | |

| mmary of recommendation | Paragraph reference | Financial period first made | Implemented | Under implementation | Not implemented | Overtaken by events |
|---|---|---|---|---|---|---|
| evelop a change control policy and standardized ocedures for changes to application systems | 125 | 2004-2005 | | X | | |
| llocate sufficient personnel for help desks | 128 | 2006-2007 | X | | | |
| andardize procedures help desk policies, ocedures and structures | 131 | 2006-2007 | X | | | |
| onsider alternative procedures for internal audit here security situation prevents field visits and clude Area Staff Provident Fund in audit orkplan | 137 | 2006-2007 | | X | | |
| nplement recommendations of peer review ocess | 143 | 2006-2007 | | | | X |
| dopt a policy for projects management | 158 | 2006-2007 | | X | | |
| stablish a system to record and apply lessons arned in project implementation | 162 | 2004-2005 | | X | | |
| pdate project procedures manual | 165 | 2004-2005 | | X | | |
| aise with field offices to implement project anagement support | 169 | 2006-2007 | | X | | |
| **otal recommendations** | **31** | | **12** | **18** | — | **1** |
| **ercentage** | | | **39%** | **58%** | — | **3%** |

A/63/5/Add.3, chap. II.

# Annex II

## Disclosures by management — cases of fraud and presumptive fraud

*Medical insurance fraud*

1. The Jordan field office reported three cases related to medical insurance fraud. In case number 2008-10, the field office reported that a staff member forged medical invoices and submitted them to the medical insurance company for reimbursement. The staff member resigned on 2 May 2008. In case 2008-19, a staff member amended medical invoices and submitted them to the medical insurance company to be reimbursed. The staff member admitted to the fraud, was served with a letter of censure and suspended without pay for two weeks by UNRWA. In case number 2008-36, a staff member sent the same medical bills to two different insurance companies to claim the reimbursement and subsequently admitted to the act, and was served with a letter of censure and suspended from duty without pay for 15 days.

2. The Jordan field office also reported case number 2008-70, in which a staff member included a relative on his wife's medical account to undergo a surgical procedure. The staff member confessed and was served with a letter of censure as final warning and suspended from duty without pay for 15 days, and was asked to reimburse the cost of treating the relative to the insurance company.

3. The Jordan field office reported case number 2009-238, in which a teacher amended the dates of two medical reports and resubmitted them to the insurance company for reimbursement; after admission of guilt, a letter of reprimand was issued to her.

*Loss of cash*

4. In the Syrian Arab Republic field office, the Microfinance Department investigated acts of fraud and misconduct on the part of the area loan supervisor (case number 2008-119). The branch manager had knowledge concerning the acts of fraud perpetrated. On management proving the allegations, the area loan supervisor resigned and the branch manager was demoted.

5. In cases numbers 2009-2 and 2009-5, two credit extension assistants received payments from clients without issuing temporary cash receipts, in the Syrian Arab Republic field office. In both cases, their service with the Agency was terminated.

6. In case number 2009-153 in the Lebanon field office, discrepancies in the imprest fund for petty cash and possible embezzlement on the part of a staff member were found. The Agency terminated the staff member's service.

7. There was a shortage of cash (case number 2008-44) of $282 in the Jordan field office (north Amman area office), and the investigation could not be completed as the staff member resigned. The amount was written off as the cost of pursuing reimbursement would have exceeded the amount recovered.

8. A cash shortage was reported in Irbid area office, and following an investigation, the area staff member was found culpable of the loss of Jordanian Dinar 9,400.94. The area staff member's employment was terminated and his

Provident Fund balance and other dues from the Agency were withheld. The possibility of taking further legal action is being followed up.

*Procurement and distribution fraud*

9. In the Gaza field office a staff member facilitated and participated in an arrangement to receive bribes in return for procurement contracts, for which contractors received money although they had not executed any work for the Agency. The staff member was censured and transferred to a different position with less responsibility and closer supervision.

10. In the Gaza field office, a staff member had transferred Turkish white flour, which has a higher market value than locally milled flour, by giving the merchants a higher priority on the better quality flour than beneficiaries. The investigation proved the allegation. The case is still pending.

11. In the Gaza field office, on 15 July 2008 a staff member in the Distribution Centre, was alleged to have received money from beneficiaries in return for prioritizing them in the queue, and was alleged to have transferred some rations to beneficiaries in exchange for money. Investigation into these allegations established the fraud, and the staff member's contract with the Agency was terminated.

*Employment fraud*

12. In the Gaza field office, a staff member had received money from a number of citizens in exchange for promises of employment with UNRWA. An investigation was carried out and the staff member confessed to the fraud, on his release from prison he resigned from the Agency.

13. In the Gaza field office, a contractor was found working in place of a relative for a period of five months. The Agency cancelled the contract on discovery of the matter.

14. In case number 2009-257 at the Jordan field office, a staff member was found receiving a dependency allowance for a spouse who was working in the Ministry of Education. He was concealing information about his wife's employment and kept receiving the dependency allowance and covering the spouse in the Agency's medical scheme as a recognized dependant. The amount of dependency allowance received was recovered from emoluments and the Agency's medical premiums were also recovered.

# Chapter III
## Certification of the financial statements

5 May 2010

Pursuant to financial regulations 11.4 and 12.1, I have the honour to submit the consolidated financial statements for the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium ended 31 December 2009.

I certify that all transactions have been properly recorded in the accounting records, properly reflected in the Agency's financial accounts and appended statements, which I hereby certify as accurate and representative of the Agency's operating activities and the financial state of affairs as at 31 December 2009.

(*Signed*) Bernard **Laufenberg**
Director of Finance

# ıpter IV

# Financial report for the biennium ended 31 December 2009

## A. Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by the General Assembly in its resolution 302 (IV) of 8 December 1949 as a separate entity within the United Nations system and it began operations on 1 May 1950. The mandate of UNRWA has been renewed repeatedly, most recently in Assembly resolution 62/102, when it was extended until 30 June 2011.

2. UNRWA reports directly to the General Assembly, to which the Commissioner-General submits an annual report. A general review of UNRWA programmes and activities is undertaken on an annual basis by the 10-member Advisory Commission, which includes representatives of the Agency donors and host authorities. The Advisory Commission has a working relationship with the Palestine Liberation Organization.

## B. Strategic goals of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

3. The goal of the Agency is to promote the human development of Palestine refugees and strengthen the self-reliance of the refugee community.

4. In the foreseeable future, UNRWA will continue to provide basic education, health, and relief and social services to more than 4 million registered Palestine refugees living in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip.

5. The Agency intends to develop a comprehensive approach to camp development that will integrate housing and infrastructure interventions with health, education, microfinance and microenterprise, and community services within a human development framework.

6. The education programme will provide Palestine refugee children and youth with learning opportunities, knowledge, skills and experience that are consistent in quality, standards and norms with those offered by the host authorities within the overall framework of the principles of the United Nations.

7. The health programme will continue to focus on fostering quantitative and qualitative service standards consistent with the United Nations Millennium Development Goals and public sector standards, and on improving environmental conditions in camps, with a special focus on preventive primary health care.

8. The relief and social services programme will give high priority to providing assistance to meet the minimum needs of the most vulnerable refugees.

9. The Microfinance and Microenterprise Department will be funded primarily from revenues generated by the credit operations of the Department, but also from donor contributions. The Department will focus on implementing outreach, product development and capacity-building through a range of business, consumer and housing loan products that will improve the enterprise, household and housing

conditions of Palestine refugees and other groups of proximate poor in four of the five areas of operation of the Agency.

10. The Agency will continue to provide emergency assistance to Palestine refugees in situations of acute distress.

11. Capital improvements and associated recurrent costs in respect of Agency facilities and camp infrastructure, as well as other major developments, including the Palestine Refugee Records Project, will continue to be provided for under the project budget.

12. The Agency will continue to create and enhance capacity-building opportunities for staff by providing the necessary developmental, leadership and management capacities to deliver and manage a quality service that is both innovative and responsive.

13. The Agency will continue to promote gender equality and empower women through all of its programmes.

## C. Strategic planning framework

14. Working within the parameters of its mandate, UNRWA has developed its own strategic plan, widely known as the medium-term plan for the period 2010-2015. The medium-term plan articulates the Agency's desire to take advantage of technological advances across sectors, consolidate its achievements and better serve the long-term interests of Palestine refugees. This refocusing of direction is necessary to help prepare Palestine refugees to contribute to, and take advantage of, any positive changes that may be realized in the region over the next several years. The planning framework is aimed at ensuring that all Palestinians derive maximum benefit from the Agency's work, which should include the continuation of human development trends that have been set in motion by the Agency since its early years.

## D. Partnership with other agencies

15. UNRWA enjoys close cooperation and long-standing partnerships with a number of United Nations organizations, including the Joint United Nations Programme on HIV/AIDS, the United Nations Development Programme, the United Nations Educational, Scientific and Cultural Organization, the United Nations Population Fund, the United Nations Human Settlements Programme, the Office of the United Nations High Commissioner for Refugees, the World Food Programme, the United Nations Children's Fund and the World Health Organization. It participates actively in multilateral aid coordination structures for the occupied Palestine territory and collaborates with the League of Arab States. As UNRWA partnership strategies have proved highly successful, programme departments have maintained and strengthened existing partnership practices while at the same time actively seeking opportunities to build new partnerships. With a view to contributing to civil society, priority is given to exploring partnerships with established local non-governmental organizations. To minimize the duplication of services, particular efforts are being made to develop cooperative arrangements with alternative, complementary service providers, based on comparative advantage.

16. Developments in the areas of governance and stakeholder relations affect donor and host country support and thus have important implications for the achievement of UNRWA goals. As underlined at the conference on building partnerships in support of UNRWA, held in Geneva in June 2004, an important priority is to develop a tripartite (host/donor/UNRWA) approach as a tool for increasing donor responsiveness and creating synergies with other service providers. Productive synergies with other service providers will help demonstrate to donors that the Agency is capable of combining its strengths with those of other competent actors to maximize efficiency and optimize service outcomes for its beneficiaries.

17. The Agency recognizes that its governance processes do not as yet fulfil their potential as mechanisms for information-sharing, substantive policy guidance and mutual accountability of UNRWA and its stakeholders. The Agency is committed to working initially to identify a reform formula that allows for substantive discussion of concrete policy issues, while respecting the imperatives of the Agency's mandate. The implementation of the Agency's planned programme of work will benefit from a continuing multi-level dialogue with all partners and stakeholders.

## E. External factors

18. UNRWA planning is complicated by uncertainty surrounding the Middle East peace process. Should peace talks progress, the Agency may be asked to assume new temporary tasks, as required by a peace settlement. However, should conflict persist, military operations, security issues, deteriorating economic conditions for the refugees and restrictions on the flow of goods, services and individuals will continue to affect the Agency's work.

19. UNRWA operates in a turbulent region buffeted by the Arab-Israeli conflict and its consequences in terms of episodes of violence and a worsening socio-economic situation. Emergency situations, especially in the Gaza Strip and the West Bank, impose heavy operational and financial burdens on the Agency, threatening the sustainability and quality of UNRWA services and necessitating emergency appeals, which compete with fund-raising for the regular budget.

20. Uncertainty exists as to the economic impact of the planned Israeli disengagement from the Gaza Strip and some parts of the West Bank. Contingency planning for the disengagement includes the pre-positioning of food and other supplies for distribution, and preparation for medical emergencies that might arise during the disengagement process. UNRWA, in close cooperation with the Palestinian Authority, is preparing for major activities in the fields of education and infrastructure development, to be implemented upon completion of disengagement and once supplementary funding to that end is secured.

21. In the West Bank, the communities affected by the wall/fence have increasing needs, as access to basic services is more and more restricted. By adapting its services, UNRWA has been working to meet the growing needs of these communities. The wall/fence around Jerusalem is having a particular impact on UNRWA operations, as even access to duty stations for staff has become a serious problem. The conflict in the Gaza Strip and the West Bank has also disrupted the Agency's ability to deliver its services, has adversely affected the safety and security of UNRWA staff and has resulted in significant additional expenditure to counteract obstacles imposed by the Israeli authorities.

22. Staff living and working under conditions of extreme stress in the Gaza Strip and the West Bank frequently suffer from fatigue and burnout, making it increasingly difficult to produce quality results.

23. Obstacles to UNRWA operations include the imposition of closures and restrictions on humanitarian access in the West Bank and the Gaza Strip, where some 48 per cent of the Agency's regular budget is spent.

24. The UNRWA budget, funded almost entirely by voluntary contributions (in cash and in kind), is subject to uncertainties in the timing and value of funding receipts. This limits the ability of the Agency to plan and implement programmes and project activities. Although UNRWA expenditure is incurred mainly in United States dollars, 63 per cent of the income is received in non-United States dollar currencies, thus exposing the Agency to the risks of currency fluctuations.

25. Worsening socio-economic conditions and increased rates of unemployment in some of the Agency's areas of operation result in, inter alia, larger numbers of school dropouts and increased demands on medical care services, compromising community participation and causing a breakdown in cost-sharing systems.

## F. Social accounting, risk management, performance evaluation, disaster recovery plan and internal control

### 1. Social accounting

26. Accounting plays an important role in defining the goals of the Agency and increasingly in mediating the relationships between the Agency, society and the environment within which it operates. Its social accounting responsibility is recognized within the Agency and stakeholder welfare reported upon; the stakeholders are the refugees it serves, the employees, the donor community and the host Governments of the areas of operations. Deliberate policies are implemented that are meant to demonstrate the importance of social and ethical responsibilities enshrined in the Agency's mission and objectives. This is achieved by recognizing the needs and taking care of the environment in which it operates and ensuring that it is culturally friendly and acceptable to the local community and the host Government. The Agency's social responsibility is further demonstrated by its recognition of the vast majority of its workforce as belonging to the Area Staff category and by providing for their needs to the largest extent possible during and after their employment with the Agency. Special reference should be made to the Agency's specific programmes that address various social responsibilities. Their objectives can be summarized as follows:

(a) To foster and promote awareness and understanding of human rights, conflict resolution and tolerance;

(b) To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills-based education within system-wide strategies;

(c) To improve the access of the refugee population to essential health services by implementing affordable and equitable hospitalization policies, adjusting the imbalance in financial allocations among field locations and achieving cost efficiency gains through the rationalization of referral practices;

(d) To improve environmental health conditions in refugee camps;

(e) To improve the general social well-being of the refugee population by providing, in addition to the above, various welfare services, such as psychological counselling and sports activities.

### 2. Risk management

27. The Agency has a broad spectrum of risks associated with its existence and operations. These risks fall mainly in the broad categories of operational, environmental and financial risks. The management of risks is aimed at reducing the Agency's exposure to various forms of loss and, more critically, its failure to deliver services to the Palestine refugees in the areas of education, health, and relief and social services.

28. *Operational risk* refers mainly to the exposure to the risk of failing to deliver the services for which, according to its mandate, the Agency exists. This risk is managed through proper planning, control and performance reviews and evaluations in the Agency's main areas of operation (education, health, and relief and social services).

29. *Environmental risk* is the inherent risk associated with the volatile nature of the environment within which the Agency operates. This risk is managed through recognition of the potential danger and political and security concerns posed by the conflicts in the greater Middle East, particularly in the areas where the Agency operates: Jordan, the Syrian Arab Republic, Lebanon, the West Bank and the Gaza Strip. The security alerts are set at the appropriate levels and all risk-mitigating elements installed and monitored on an ongoing basis.

30. *Financial risk*. The Agency is prone to exposure to various forms of financial risk, the biggest of which is the risk of failure to have enough financial resources to achieve the planned objectives and activities. The source of funding for operations to meet the objectives of the Agency and the needs of the refugees is predominantly the donor community. The uncertainty surrounding the timing and actual amounts of voluntary contributions also poses some financial risk when it comes to planning. This risk is managed in the best way possible by considering the available information and providing for inflows in the most prudent manner. Financial risk can be extended to include foreign currency risk, since a good portion of contributions are in currencies other than the Agency's reporting currency, the United States dollar.

### 3. Performance evaluation

31. The process of performance evaluation starts with the strategic planning framework. This framework addresses four main objectives:

(a) To achieve parity of UNRWA services with host authority and international standards;

(b) To address unmet needs and the needs of the most vulnerable refugees;

(c) To maximize the economic potential of the refugees;

(d) To build capacity within UNRWA.

These objectives represent the principal tracks along which the Agency directs its efforts to improve living conditions for the Palestine refugees and to promote their self-reliance and human development. Performance criteria are necessary to monitor the management of the Agency's health, education, and relief and social services facilities. Indicators of achievement are benchmarked to international standards and host authority services, and by reference to beneficiaries' satisfaction levels and perceptions concerning the quality of UNRWA services.

### 4. Disaster recovery plan

32. The disaster recovery plan is meant to describe how the Agency is to deal with potential disaster, which is an unforeseen event that makes the continuation of normal functions impossible. The recovery plan is required to include a set of precautions so that the effects of a disaster will be minimized and the Agency will be able to either maintain or quickly resume mission-critical functions. The Agency's disaster recovery plan is at the finalization stage, as all the preliminary planning and logistics have been put in place and addressed.

### 5. Internal control

33. The Agency has a system of internal controls that are meant to safeguard assets, ensure adherence to management policies and procedures and prevent fraud. This is achieved through the Audit and Inspections Committee, which reviews and approves audit plans of the Internal Audit Department which are formulated after risk analysis in various operational areas. In addition, there is a developed fraud prevention plan in place, which enhances fraud awareness and prevention. To enhance transparency and control, and to ensure that no single individual has the final say in decisions, most high-level managerial responsibilities and decisions are administered by committees. These are the Human Resources Committee, the Headquarters Contract Committee, which deals with procurement and the awarding of contracts, and the Property Survey Board, which deals with decisions on the disposal of assets. The Agency has established detailed instructions and procedures to ensure effective financial administration and the exercise of economy.

34. The Agency maintains a system of internal controls which provide for an effective examination or review of financial transactions in order to ensure the regularity of receipt, custody and disposal of the resources of the Agency, ensure the conformity of expenditure with the provisions of the financial regulations and detect any uneconomic use of the Agency resources. There are also organizational directives to guide the day-to-day running of the Agency and ensure adherence to internal controls.

## G. Financial results for the biennium

35. The Agency's total excess of income over expenditure, before adjustments, for the biennium is broken down as follows:

(a) Regular budget un-earmarked cash amounted to $30.1 million;

(b) Regular budget earmarked cash amounted to $24.2 million;

(c) The in kind portion amounted to $0.9 million;

(d) Non-regular budget funds, including the Microenterprise Department, amounted to a surplus of $80.3 million.

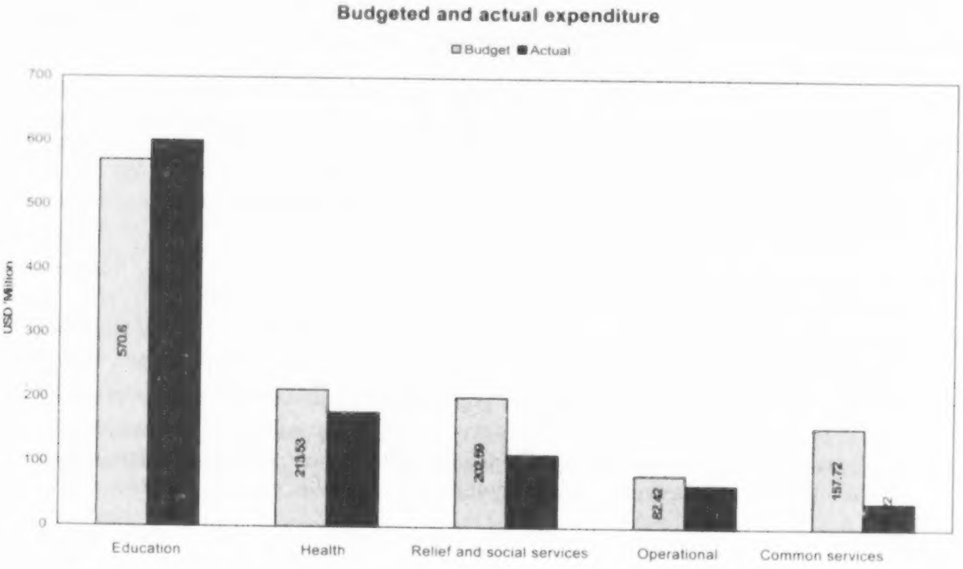
36. The above amounts are shown in statement 1, which also shows the balances of the Agency's working capital and other funds. The balances for the other funds are earmarked for specific purposes. The working capital under the Agency's regular budget fund is not a statutory operating reserve but is the difference between assets and liabilities of the fund. The working capital account is used for three specific purposes: (a) to meet temporary shortfalls in cash flow; (b) to finance unforeseen needs; and (c) in the event of a curtailment of the Agency's activities, to meet any extraordinary liquidating liabilities.

37. The regular budget unearmarked working capital balance is $37.5 million and the regular budget earmarked fund balance is $57.8 million.

38. For efficient cash flow management, the Agency centrally manages all cash received for both the regular and non-regular budget funds. Statement 3 depicts the changes in the Agency's financial position and reflects the consolidated cash balance of $337.1 million at the end of the biennium.

39. Statement 4 shows the Agency-wide budgeted and actual expenditures for the biennium. The Agency expended $1,578.9 million during the biennium, against a budget of $2,310.7 million, on all its activities. From the regular budget, the expenditure was $1,001.4 million, against a budget of $1,226.9 million. From the non-regular budget, the expenditure was $577.5 million, against a budget of $1,083.9 million.

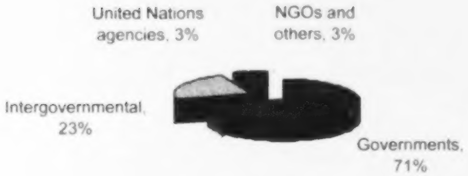
40. A graphical comparison of the regular budget actual and budgeted expenditure is shown below:



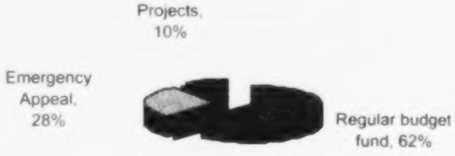
### Sources of funding

41. UNRWA does not have a system of assessed contributions, as its budget is funded almost entirely by voluntary contributions in cash and in kind from Governments, intergovernmental organizations and non-governmental bodies. The distribution of sources of funding by donor category and budget fund is shown below:

**By donor category**



**By budget fund**



## H. Agency-wide structure of accounts

42. The Agency operates a system of fund accounting by which it maintains separate accounts for the regular budget and non-regular budget funds. The Agency's system of fund accounting provides a full identification of income and expenditure by purpose and the complete separation of the assets and liabilities of each fund. Contributions and corresponding allocations (including those for the regular budget) are assigned individual project codes, which are maintained as distinct financial and accounting entities.

43. The structure of the UNRWA financial statements reflects both the recurrent and non-recurrent nature of activities and the means by which they are funded. The statements also indicate how the Agency funded the expenditure from the different income sources. The statements are broadly divided into two parts:

(a) The regular budget funds comprise recurrent staff and non-staff costs, further divided into cash and in kind portions. The cash budget is funded through cash contributions recorded as unearmarked and earmarked income to the General Fund. The in kind budget represents the value of in kind donations that the Agency expects to receive on the basis of agreements with donors or past practice (for example, food aid).

(b) The project budget funds comprise mainly non-recurrent costs funded by earmarked project contributions. Activities are implemented only if they are specifically funded by donors. Most of the Agency's capital costs are included here because of insufficient donor funding to meet all the requirements of the General Fund.

44. The regular budget and the project budget funds together comprise the total volume for the biennium. The text below clarifies which programme activities fall under the General Fund and which fall under the project fund component.

## I. Activities of UNRWA

45. UNRWA provides education, health, and relief and social services to some 4.7 million Palestine refugees in Jordan, Lebanon, the Syrian Arab Republic, the

West Bank and the Gaza Strip. The headquarters of the Agency are located in Gaza and Amman. Throughout its 60 years of humanitarian and human development service in the area, the Agency has demonstrated a capacity to adapt and enhance its programmes as required to cope with developments in the region and stands ready to continue doing so in accordance with the mandate it receives from the General Assembly.

46. A number of challenges for the work of UNRWA have arisen since the outbreak of strife in the occupied Palestinian territory in September 2000. The continuing strife, severely deteriorating economic conditions for the refugees and the restrictions on the flow of goods, services and labour have greatly increased demands on UNRWA humanitarian operations in the Gaza Strip and the West Bank.

## J. Education programme

47. The goal of the education programme is to provide Palestine refugee children and youth with learning opportunities to acquire knowledge, life skills, experiences and values in partnership with host authorities, local communities and other United Nations agencies within the context of a multicultural society, with special regard to gender equity, human rights, tolerance, conflict resolution and the Convention on the Rights of the Child. The objectives of the Agency's Department of Education are as follows:

(a) To provide and improve access to quality education and learning opportunities, in line with host authorities' education systems, for Palestine refugee children and youth at the basic level. The Agency also provides secondary-level education in the Lebanon field location;

(b) To provide, improve and optimize vocational and technical education for young Palestine refugees to enhance their opportunities for employment and economic independence;

(c) To provide, improve and optimize pre-service teacher education to increase the pool of qualified teachers for prospective recruitment as UNRWA teaching staff;

(d) To enhance capacity-building for technical and administrative education staff at all levels in line with School as a Focus for Development, management development and quality assurance framework;

(e) To ensure equity and equality of access to quality learning for children with special educational needs;

(f) To foster and promote among teaching staff and students the awareness and understanding of human rights, conflict resolution and tolerance;

(g) To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills-based education within system-wide strategies.

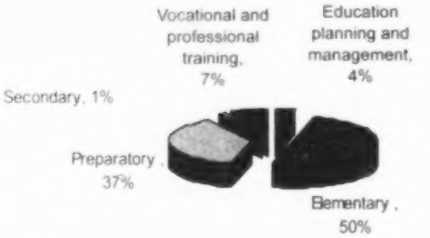
## K. Results of the education programme

48. During the biennium, 479,156 children were enrolled for the school year 2008/09, in the Agency's 689 elementary, preparatory and secondary schools (the latter in Lebanon only), which were staffed by 17,246 teachers. In addition, about 300,000 refugee pupils attended other government and private elementary, preparatory and secondary schools at no cost to UNRWA. During the year, vocational, technical and teacher education was provided at the Agency's 10 training centres and 3 education science faculties for 7,805 students enrolled for the 2008/09 training year.

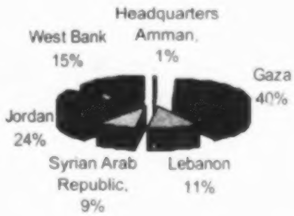
49. A total of 587 instructors taught in those training centres during the year. In-service teacher training courses were provided by the Institute of Education at UNRWA headquarters in Amman, through the five education development centres in the UNRWA area of operation, for 960 education staff members in the 2008/09 school year. Through the UNRWA scholarship programme, which was funded entirely from earmarked donor contributions only, 347 students were awarded university scholarships for the academic years 2008/09.

50. Total expenditure on the education programme for the biennium 2008/09 amounted to $601.0 million against the General Assembly-approved budget of $570.6 million. The education programme accounted for 60 per cent of the Agency's regular budget expenditure.

51. The distribution of education services expenditure by activity and field is shown below:



By activity



By field location

## L. Health programme

52. The goal of the health programme is to protect, preserve and promote the health of the registered Palestine refugees within the Agency's five areas of operations and to meet their basic health needs within the available means, consistent with the humanitarian policies of the United Nations, as well as with the basic concepts, principles and strategic approaches of the World Health Organization. The objectives of the health programme are as follows:

(a) To preserve the sustainable investment achieved in women's and children's health and attain further progress in the reduction of infant, child and maternal mortality through an integrated primary health-care approach consistent with the health-related Millennium Development Goals, as well as with the standards set out in the Convention on the Rights of the Child;

(b) To address the burden of death and disability caused by the emerging epidemic of non-communicable diseases, particularly diabetes mellitus and cardiovascular diseases;

(c) To improve the access of the disadvantaged and under-served refugee population to health care by rehabilitation, upgrading and expansion of primary health-care facilities, based on careful mapping of the services of other health-care providers;

(d) To address the increased burden of mental and psychological problems among the refugee population by development of multidisciplinary community-based programmes focusing on prevention and targeting at-risk groups;

(e) To improve the access of the refugee population to essential hospital services by implementing affordable and equitable hospitalization policies, adjusting the imbalance in financial allocations among fields and achieving cost-efficiency gains by rationalization of referral practices;

(f) To improve environmental health conditions in refugee camps by implementing developmental projects to upgrade camp infrastructure of water, sewerage, drainage and solid-waste management systems and integrating these systems within the municipal/regional schemes of the host authorities to reach the full computerization of the health information system;

(g) To enhance the planning and evaluation capacity of the health-care system, by improving methods of data collection and analysis and upgrading the skills and capabilities of health personnel in use of evidence-based information, including use of information technology, for improved management and response;

(h) To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills-based education within system-wide strategies;

(i) To prevent breakdowns in service delivery, and quality in fields under crisis situations by responding to the emerging health challenges while ensuring the sustainability of long-term intervention strategies;

(j) To provide integrated school health services aiming at preserving, protecting and promoting the health status of children enrolled in UNRWA schools and maintaining a healthy and safe school environment.

## M. Results of the health programme

53. The Agency offers comprehensive primary health-care services to Palestine refugees in the five areas of operation, comprising disease prevention and control and maternal and child health care, including family planning services. These services are provided through 137 primary health-care facilities. During 2008-2009, a total of 9,897,227 visits were made to those clinics by refugee patients for medical and 760,674 dental consultations.

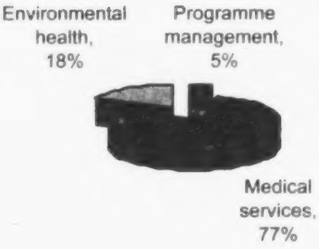
54. Assistance towards hospitalization is provided either at contracted hospitals or through partial reimbursement of costs. UNRWA also runs a small hospital in Qalqilia in the West Bank. Under hospitalization assistance, during the period 2008-2009, a total of 84,421 patients were admitted to the UNRWA hospital and to

contracted hospitals. Environmental health services are also part of the health programme, as is the supplementary feeding programme for pregnant women and nursing mothers.

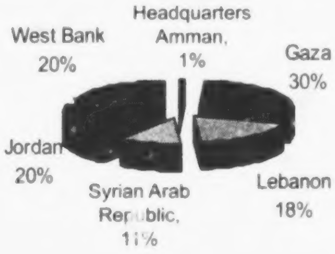
55. Total expenditure on the health programme for the biennium 2008-2009 amounted to $178.45 million, against the General Assembly approved budget of $213.5 million. The health programme accounted for approximately 17.8 per cent of the Agency's regular budget expenditure.

56. The distribution of health services expenditure by activity and by location is shown below:

**By activity**



**By field location**



## N. Relief and social services programme

57. The goal of the relief and social services programme is to provide the most disadvantaged Palestine refugees with humanitarian assistance, and to promote the self-reliance of less advantaged members of the refugee community, especially women, the aged, children, youth and persons with disabilities. The objectives of the relief and social services programme are as follows:

(a) To alleviate poverty among the most vulnerable within the Palestine refugee community by linking short-term relief to longer-term development needs, through a poverty-based approach which addresses actual needs while emphasizing equality of opportunity and the right to basic human development;

(b) To ease the immediate plight of the poorest eligible refugee families through basic subsistence support with a gradual closing of the gap in safety-net provisions between those of the host authorities and UNRWA;

(c) To promote and facilitate community-based action through community-based organizations which create social, cultural, economic or educational opportunities and provide services for women, the aged, children, youth and persons with disabilities, and their families;

(d) To promote the institutional capacity of community-based organizations through training and technical assistance to enhance refugee participation in the formulation and implementation of social services for vulnerable groups in their communities;

(e) To improve the efficiency and effectiveness of service delivery to special hardship case families through systematic in-service training and the improvement of overall working conditions;

(f) To improve the quality of the microcredit community support programme, and enhance opportunities for economic inclusion through skills training and increased access to diversified loan products;

(g) To provide shelter to families who have lost their homes or who live in sub-standard housing as a result of chronic poverty, as assessed by each field;

(h) To assist families with small-scale emergency needs during a family-specific economic or humanitarian crisis through selective cash assistance based on actual needs;

(i) To computerize the records of 4.7 million registered refugees on new web-based information technology and create integrated refugee data from all Agency programmes.

## O. Results of the relief and social services programme

58. At the end of December 2009, 73,381 families comprising 279,085 refugees (with an average family size of 3.8 persons) were enrolled in the special hardship case programme, impacting roughly 5.8 per cent of the total registered refugee population during the biennium. The food aid subprogramme, the quarterly safety-net support package of food/cash subsidies for special hardship case families, in addition to extra cash which was distributed in some fields to cover the poverty gap for families living below the abject poverty line (i.e., the food insecure), was covered by cash and in kind donations from various donors with benefits distributed according to set criteria and procedures. Selective cash assistance for those in extreme distress (emergencies) was distributed to about 4,777 special hardship case and non-special hardship case families in the five field locations, in a total amount of $848,746. In addition, 2,110 members of special hardship case families were enrolled in the vocational training centres and education science faculty training administered by the Agency's Department of Education, in an effort to obtain marketable skills and break family cycles of poverty. During the reporting period, shelter rehabilitation was completely financed through extrabudgetary funds, enabling the rehabilitation of a total of 627 special hardship case shelters, using both contractual and self-help approaches. This represented 6 per cent of the estimated need and brings the accumulative total to 25 per cent of the estimated need of 10,894 special hardship case shelters identified in need of shelter rehabilitation in 2005 (as identified by the different field offices). In addition, 207 shelters were rehabilitated for vulnerable families that were identified as living in unsafe or hazardous conditions but not necessarily falling into the special hardship case category. Furthermore in Gaza field location 30,562 shelters were rehabilitated under the emergency programme to address the repair cases affected by the last conflict in Gaza.

59. A total of 280 social workers provided counselling and support to help families cope with difficulties related to their socio-economic situation. An innovative two-year certified education programme was developed during 2004 in collaboration with the School of Social Work at Southern Illinois University in Carbondale,

Illinois, United States of America, with the objective of enhancing the technical capabilities of relief and social services staff and to advance a generalist approach to social work practice, incorporating multi-intervention strategies and systems. During the biennium, a total of 209 social workers and their immediate supervisors successfully completed eight courses of the Certified Education Programme in the Jordan, Syrian Arab Republic, Lebanon and West Bank field locations. In the Gaza field office, a total of 110 social workers and their immediate supervisors have completed only two of the eight courses because of security and travel restrictions that have prevented the instructors from entering Gaza. The remaining courses will be conducted when the security situation and availability of funds allow.

60. In the process of developing and implementing a poverty-based approach for the special hardship case food aid programme to replace the current status-based approach, an in-depth socio-economic survey of the special hardship case families was conducted in all field locations and a relevant report on the socio-economic analysis of special hardship case families in the five fields of the Agency's area of operations was written. The poverty lines (absolute and abject) in all field locations were reviewed and defined, income thresholds and eligibility criteria for the special hardship case families were revised and new payment schemes proposed based on the utilization of a newly developed proxy means test formula. Accordingly, special hardship case families in the five field locations were provided with extra cash totalling $19.1 million to cover the poverty gap for those families living below the abject poverty line.

61. The Agency's eligibility and registration staff continued the monthly updates of information contained in the field registration system database on 4.7 million refugees and continued to maintain the field social study system database, which tracks the socio-economic data of the special hardship case families. During the reporting period, scanning of family file documents and historical registration records in the five field locations was completed with a total of 17.5 million documents digitally scanned and preserved in all five field locations. In September 2009, the development of the new online refugee registration information system was completed and will replace the current field registration system, field social study system and unified registration systems. The UNRWA information support team successfully deployed the refugee registration information system in Lebanon, the Syrian Arab Republic and the West Bank on a pilot basis. It is expected that the refugee registration information system will be deployed in Gaza and Jordan in the first quarter of 2010.

62. Through a network of 104 UNRWA-affiliated community-based organizations, the social services programme continued to provide Palestine refugees with access to opportunities to address their socio-economic priority needs through various activities, including raising awareness, skills training and credit provision. During the reporting period, a total of 197,607 women, children and youth, and 58,155 persons with disabilities benefited from those activities. In addition, the community-based organizations, administered by refugee volunteers, successfully managed 144 income-generating projects, which yielded 562 job opportunities and enhanced the financial sustainability of those organizations.

63. The microcredit community support programme built on existing relief and social services programmes by targeting women and members of special hardship

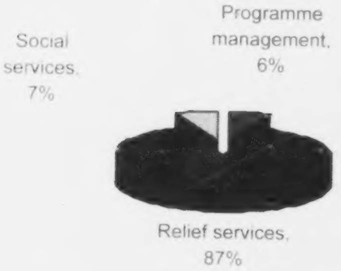
case families and by building the capacity of community-based organizations to provide credit opportunities.

64. During the reporting period, the microcredit community support programme created 700 jobs through various credit schemes, which contributed to improving the living standards of the refugees and their families. A total of 5,380 women and their families benefited from indirect lending schemes administered through community-based organizations.

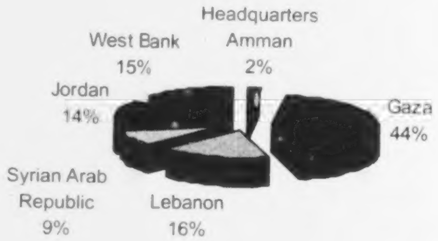
65. Total expenditure on the relief and social services programme during the biennium ending 31 December 2009 amounted to $113.7 million against the General Assembly approved budget of $202.6 million. Relief and social services expenditure represented 11.4 per cent of the Agency's regular budget expenditure.

66. The distribution of relief and social services expenditure by activity and field location are reflected below:

**By activity**



**By field location**



## P. Administrative Support Department

67. The goal of the Administrative Support Department is to support the Agency's programmes and mandate through the provision of timely, effective and integrated support services in the areas of information and communications technology, procurement and logistics, security and general administrative services.

68. The Administrative Support Department end-of-biennium closure results are described below.

*Procurement and Logistics Division*

69. In the Procurement and Logistics Division:

(a) The implementation of the new procurement inventory management system is complete. The system is in use in all fields as the standard software used by headquarters and field Procurement and Logistics Divisions. Soft tuning of the procurement inventory management system is still ongoing;

(b) The Procurement and Logistics Division in cooperation with other key departments has introduced the awarded contracts management system to issue contract proposals for services, construction and goods in order to monitor and report on the awarding process Agency-wide. Roll-out is imminent;

(c) The Procurement and Logistics Division in cooperation with other key departments has introduced, developed and implemented the in kind donation module, which captures received in kind donations in all field locations;

(d) The Procurement and Logistics Division in cooperation with the Information System Division has developed the new fixed assets module in order to record the Agency's fixed assets (premises, furniture, equipment, etc.);

(e) A procurement policy framework has been adopted by the Agency, which significantly increases financial limits for those involved in the purchasing function and assigns individual responsibility. It also reassigns a number of processes in the procurement cycle related to construction and service contracting in an effort to strengthen oversight and accountability. Implementation and embedding of the new policy was initiated in 2009;

(f) In an ongoing effort to improve policies and procedures, there have been significant improvements made to Agency documents as follows:

(i) Organization Directive 10 has been updated in readiness for implementation on 1 February 2009;

(ii) Organization Directive 12 (Property Management Manual) was implemented at the end of 2009;

(iii) A new Procurement Manual was issued in February 2009;

(iv) An Asset Management Manual, which will lead to compliance with IPSAS requirements for property, will be completed in the first quarter of 2010;

(v) Manuals revising and updating procedures for transport and logistics matters will be developed in 2010;

(g) Measures to replace the current paper-based asset tracking system with an Agency-wide bar code system are in place for implementation in 2009. Similarly, software to manage vehicle and maintenance data collection and analysis will be rolled out to all field locations in 2009;

(h) As part of the training plan for the year 2009, the following training courses were held during the year 2009 for the Procurement and Logistics Division staff members:

(i) Training on the awarded contract module system;

(ii) Training on the in kind donation module;

(iii) Ongoing end-user and high-level procurement inventory management system training;

(iv) Conceptual training on the new procurement framework;

(i) In line with the Procurement and Logistics Division policy to develop senior staff members' technical skills, the Chartered Institute for Purchasing and Supply programme is still ongoing. By the end of 2009, more than 10 staff members had completed the High Diploma, and a few staff members are still studying;

(j) Market researches on medicine were conducted in Jordan and the Syrian Arab Republic to find better suppliers for the medical items. As a result of these researches, about $150,000 was saved by choosing new Jordanian and Syrian suppliers. Another $150,000 is considered as potential savings until technical clearance of the medicine samples from the Health Department is obtained;

(k) The new Fleet management system is being implemented in all field locations. User training was conducted on the system software. The main objective of the system is to provide better fleet management in the field locations and to eliminate the paper work.

*Information System Division*

70. Major information and communications technology (ICT) reform initiatives were started and implemented during the biennium 2008-2009 for strengthening ICT capacity in accordance with the organizational development plan. Consequently, the Information System Division was able to enhance its service delivery, by, inter alia:

(a) Deploying new information management systems utilizing web and Internet technologies in the areas of recruitment management, travel management, the Intranet and Extranet system;

(b) Deploying new information management for refugees registration management, health records management, procurement and inventory management;

(c) Establishing an agreement with the Department of Field Support of the United Nations Secretariat for managed hosting services at the Department of Peacekeeping Operations data centre in Brindisi, Italy. A strategic decision was made to outsource hosting services for deployment of new central information management systems;

(d) Enhancement of Agency ICT infrastructure wide area network connectivity through replacement of satellite equipment, increasing bandwidth capacity and introducing alternative technology solution using multiprotocol label switching (MPLS) services;

(e) Enhancement of messaging services business functionality and to address hardware and software technology obsoleteness;

(f) Initiated information technology service management project to enhance the delivery if ICT services Agency-wide, incorporating best practices framework principles and processes. The Service Desk package is planned for deployment early in 2010;

(g) Enhancement of field locations connectivity was achieved after replacing existing leased lines or other wide area network services with national multiprotocol label switching services. Expansion of service to new locations and performance enhancement of national MPLS will continue in 2010-2011;

(h) Upgrading of a number of infrastructure systems hardware and software components, thus maximizing the reliability and availability of ICT services.

*General services*

71. The General Services Section has been part of the Administrative Service Department since January 2007 following the relocation of function from Gaza to Amman. The main areas of focus for the reporting period have been the

development and implementation of a travel management system in all headquarters and field locations. During 2008/09, the General Services Section implemented several projects at headquarters Amman:

(a) Completing and operating the finance building;

(b) Renovation of bathrooms for all the old buildings at headquarters Amman (28 units).

*Security*

72. The Security Section's principal work to date has been to complete the draft of a security mainstreaming policy document; develop several training products designed specifically for area staff; conduct the Agency's first security mainstreaming workshop; plan for the conduct of the Gaza security pilot project that will take place in the first half of 2010; plan for the conduct of an area staff safety and security officer training course that will take place in February 2010; acquired both field and headquarters locations support to expand and professionalize the Security Section with the addition of three senior area staff posts for an Assistant Head of Safety and Security, Safety and Security Training Developer and Security Analyst, to be hired early in 2010. It is worth mentioning that a blast assessment for headquarters Amman was done in 2009.

## Q. Common services

73. The goal of common services is to maintain the functioning of the Agency through sound legal support, cost-effective and efficient management, policy analysis, effective fund-raising and outreach to external interlocutors. The objectives of the common services are as follows:

(a) To provide policy advice to the Commissioner-General and ensure smooth implementation of policy decisions and general cohesion of Agency operations;

(b) To provide legal advice and support concerning matters of international law, particularly issues involving the privileges and immunities of the Agency and its staff;

(c) To ensure Agency-wide accountability and transparency;

(d) To maintain positive and productive relationships with donors and to enhance project management throughout the project cycle;

(e) To increase awareness and support of the Agency among citizens, Governments and non-governmental organizations of donor and host nations, as well as the refugee population and Agency staff;

(f) To provide programme and policy analysis that allows the Agency to respond to changing operational, political and social circumstances;

(g) To liaise and strengthen cooperation with other United Nations agencies and participate in intergovernmental forums;

(h) To maintain and improve human resources services to international and area staff members;

(i) To effectively manage the Agency's financial resources.

## R. Results of the common services

74. As part of efforts in management reform aimed at improving the Agency's overall efficiency, recently implemented procurement inventory management and financial management systems were further enhanced/improved during the year to meet the operational needs of the Agency.

75. Expenditure during the biennium for common services amounted to $87.7 million against the General Assembly approved budget of $157.7 million, representing 7 per cent of the Agency's regular budget expenditure.

## S. Emergency appeal

76. Following the outbreak of strife in the occupied Palestinian territory in September 2000, UNRWA launched a series of emergency appeals for donor support for emergency assistance to more than 1.3 million affected refugees. The emergency appeals sought to alleviate the humanitarian distress created as a result of the crisis in the Gaza Strip and the West Bank. The successive emergency appeals aim at providing employment opportunities, providing cash and in kind assistance for the poorest refugee families, reconstruction and repair of damaged infrastructure and refugee shelters damaged as a result of military action. During the biennium ended 31 December 2009, the Agency continued its programme of emergency assistance, focusing on food aid, emergency employment creation, shelter repair and rebuilding, cash assistance, health and education.

77. The total value of the appeal for the biennium 2008/09 amounted to $718.7 million ($262.4 million for 2008 and an increased fund requirement to $456.3 million for 2009 owing to the Operation Cast Lead in Gaza). The total value of the emergency appeals since their inception in 2000 stands at $2,061.8 million, of which $475.8 million was received during the biennium.

## T. Post-1999 projects

78. The projects budget comprises mainly non-recurrent, infrastructure costs that are to be funded by non-core budget contributions, including expansion, replacement and maintenance of UNRWA facilities in order to meet the increasing demand for Agency services (particularly in the field of education), and the improvement to housing and environmental health conditions in refugee camps. By treating projects as integral to the biennium budget, the Agency provides a comprehensive estimate of its financial requirements to carry out its mandate over the biennium, and directly links project-funded activities with those programme activities funded under the regular budget. Total pledges of $69.6 million were made towards projects during 2008/09, $55.2 million of which has been received. The total expenditure during 2008/09, under this category was $62.9 million.

## U. Emergency situation in Lebanon (Nahr el-Bared relief appeals)

79. Since the early summer of 2007, over 30,000 Palestine refugees have fled their homes in and around Nahr el-Bared camp owing to the fierce clashes between the radical group of Fatah al Islam and the Lebanese Army. In June 2007 UNRWA launched a Flash Appeal to address the emergency needs for the refugees affected by the crises. Owing to the extent of the destruction, in August 2007 UNRWA launched another appeal for $54.8 million to cover the cost of the humanitarian relief for the period from September 2007 to August 2008. In response, the donor community pledged $52.0 million in cash and $6.8 million in kind. The relief and early recovery appeal was launched in August 2008 for a total amount of $42.7 million to cover the period from September 2008 to December 2009. As at end of 2009, total cash pledges made against the relief and early recovery appeal amount to $28.3 million, of which $47.6 million has been received.

## V. Reconstruction of Nahr el-Bared refugee camp

80. The budget for reconstruction of Nahr el-Bared camp was initially estimated by UNRWA at $282 million. The requirements were revised in 2009 to $328.4 million. As at the end of 2009, total pledges made towards the reconstruction of the Nahr el-Bared camp amounted to $92.3 million, of which $61 million has been received.

## W. Camp improvement initiative in Lebanon

81. In the light of the improved level of collaboration and coordination between the Government of Lebanon, UNRWA and other stakeholders in order to better the humanitarian conditions in the 12 Palestinian refugee camps in Lebanon, UNRWA prepared in June 2006 a comprehensive list of projects for a total amount of $38.9 million. They include environmental health infrastructure, shelter rehabilitation, construction of additional classrooms, health centres and medical services for cancer and heart surgery patients. The list also includes projects for upgrading facilities and courses at the Agency's Siblin Training Centre, hiring additional staff to improve services to refugees, and essential equipment. Total pledges received during the biennium amounts to $3.8 million.

## X. Other projects

82. On 8 December 2009, UNRWA was 60 years old: an occasion for sober reflection but also an opportunity to celebrate the Agency's achievement during six decades of work alongside millions of Palestine refugees. To mark the anniversary, a variety of activities and events have been organized throughout 2009 and are expected to be completed by June 2010. The additional financial resources needed to implement the 60th anniversary programme are to be covered from extrabudgetary resources. As at the end of 2009, total pledges made amount to $1.5 million, of which $1.4 million has been received.

## Y. Microfinance Department

83. The goal of the Microfinance Department is to promote economic development and alleviate poverty. This is achieved through the provision of credit for enterprise, household consumption and housing needs that will improve the quality of life of householders, small business owners and microentrepreneurs, sustain jobs, decrease unemployment, reduce poverty, empower women and provide income-generating opportunities for Palestine refugees and other proximate poor and marginal groups. The objectives of the Microfinance Department are as follows:

(a) To provide enterprise, consumer and housing credit on a scale that is large enough to have significant and measurable impact on the lives of the poorest;

(b) To provide operationally self-sufficient and sustainable credit in a cost-effective manner through targeting financial services in poorer urban areas with a high concentration of commercial, service and industrial businesses. Areas will be selected predominantly on the basis of having a highly localized density of Palestine refugees;

(c) To develop and expand the programme through adhering to international standards of outreach and efficiency so that the programme can be benchmarked and assessed against other practitioner institutions. The programme strives to achieve the best practices of the emerging microfinance industry through its participation in local and regional microfinance networks by adopting the standards and practices established for the industry by such institutions as the Consultative Group to Assist the Poorest, the United States Agency for International Development, the Microfinance Network and Sanabel;

(d) To meet the emerging standards for business training and business development services, where all the direct costs of training are met from participation fees and only the overhead and administrative costs are subsidized from donor contributions.

## Z. Results of the Microfinance Department

84. During the biennium 2008-2009, the Department maintained a portfolio of 21,637 active loans, with an outstanding portfolio of $19.3 million, which were administered through its network of 17 branch offices. During this period, the Department extended its branch office network and opened an additional two branch offices in Qalqilya in the West Bank and Zarqa in Jordan.

85. During the biennium, the Department financed 52,859 loans worth $69.5 million. Some 34 per cent of those loans were financed in the West Bank, 10 per cent in Gaza, 33 per cent in the Syrian Arab Republic and 23 per cent in Jordan. In financing terms, $29.9 million was invested in the West Bank, $8.74 million in Gaza, $17.9 million in Jordan and $12.5 million in the Syrian Arab Republic.

86. A total of 34,445 microenterprise loans worth $47.9 million were financed through the Department's microenterprise credit product, with an additional 283 microenterprise loans valued at $3.4 million financed through the new microenterprise credit plus product. Only 17 loans, worth $159,000, were financed through the small-scale enterprise product. Some 7,522 loans to women microentrepreneurs, valued at $3.2 million, were financed through the solidarity group lending and women's household credit products. An additional 10,149 loans

for consumption, worth $11.5 million, were retailed to low-income and working class families through the consumer lending product. In addition 443 housing loans in the West Bank and Gaza, worth $3.2 million, were financed through the housing loan product.

87. The Department's small and microenterprise training programme in Gaza provided 144 short-term enterprise and business-related training courses to almost 3,000 participants.

## AA. Area Staff Provident Fund

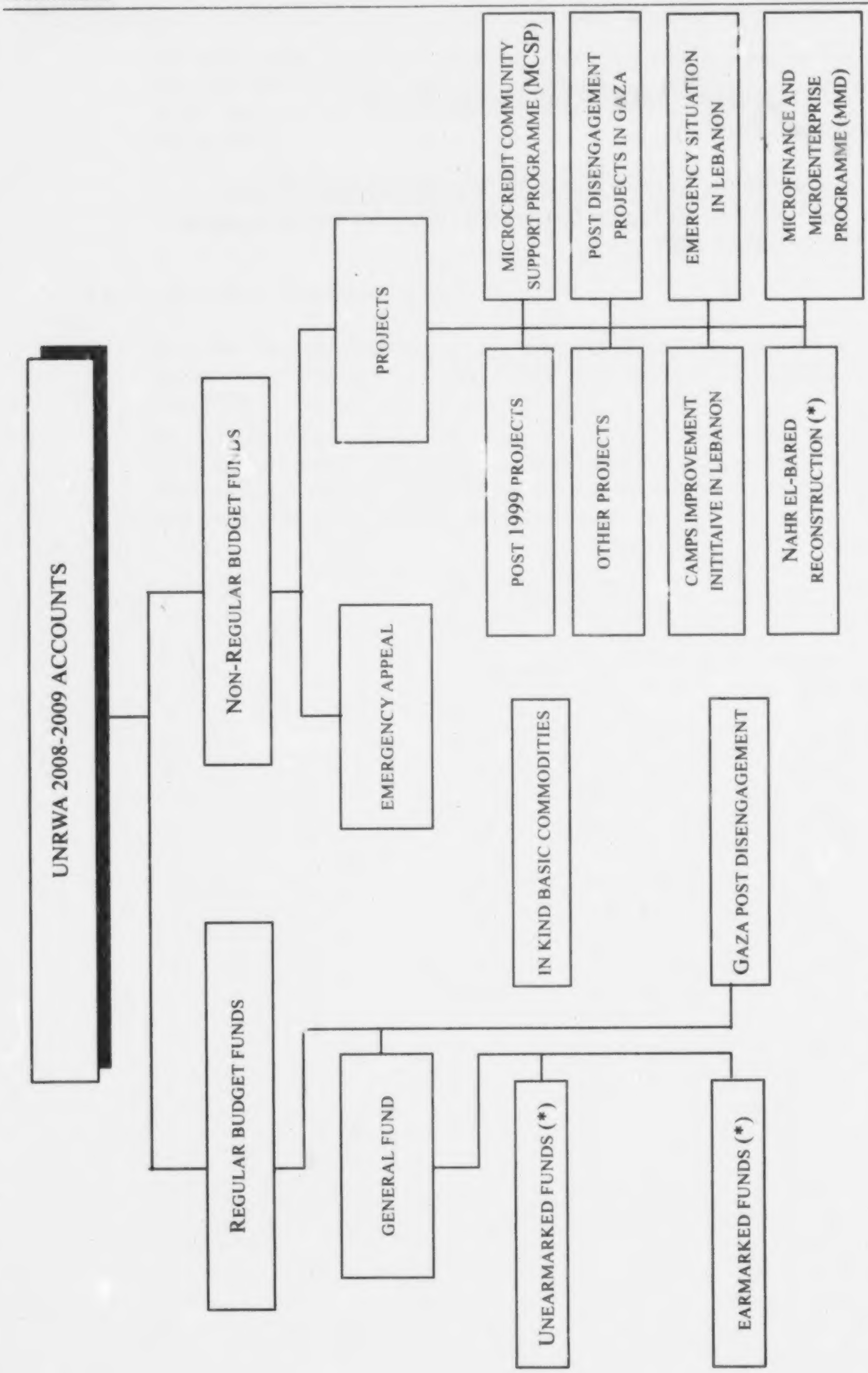
88. The financial statements of the Area Staff Provident Fund indicate that the investments of the Fund increased to $985 million from $901.5 million during the year 2009.

89. The Fund's investment income for the year was $135.8 million compared with a loss of $155.1 million for the previous year. The income available to the credit of Fund participants as at 31 December 2009 amounted to $133.4 million, compared with a loss of $157.9 million for the previous year.

# hapter V

# Financial statements for the biennium ended 31 December 2009

## A. Financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium ended 31 December 2009


UNRWA 2008-2009 ACCOUNTS
REGULAR BUDGET FUNDS
NON-REGULAR BUDGET FUNDS
GENERAL FUND
UNEARMARKED FUNDS (*)
EARMARKED FUNDS (*)
IN KIND BASIC COMMODITIES
GAZA POST DISENGAGEMENT
EMERGENCY APPEAL
PROJECTS
POST 1999 PROJECTS
OTHER PROJECTS
CAMPS IMPROVEMENT INITITAIVE IN LEBANON
NAHR EL-BARED RECONSTRUCTION (*)
MICROCREDIT COMMUNITY SUPPORT PROGRAMME (MCSP)
POST DISENGAGEMENT PROJECTS IN GAZA
EMERGENCY SITUATION IN LEBANON
MICROFINANCE AND MICROENTERPRISE PROGRAMME (MMD)

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* See note 19.

**Statement 1**

## Statement of income, expenditure and changes in working capital and fund balances for the biennium 2008-2009

(in United States dollars)

| Biennium 2006-2007 all funds[a] | Details | Note | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Regular budget unearmarked funds* | Regular budget earmarked funds* | In kind | Regular budget funds total | Emergency appeal Gaza and West Bank | Projects[b] | Non-regular budget funds total | Grand total |
| | **INCOME** | 2 (f) | | | | | | | | |
| | **Contributions** | | | | | | | | | |
| 851 647 012 | Contributions by Governments | | 667 568 714 | 35 984 304 | 9 149 227 | 712 702 245 | 366 843 370 | 121 830 785 | 488 674 155 | 1 201 376 400 |
| 311 755 115 | Contributions by intergovernmental organizations | | 215 769 994 | 71 652 125 | — | 287 422 119 | 67 804 944 | 29 999 445 | 97 804 389 | 385 226 508 |
| 52 464 343 | Contributions by United Nations agencies | | 38 174 308 | 2 000 000 | 2 128 653 | 42 302 961 | 6 564 262 | 5 179 087 | 11 743 349 | 54 046 310 |
| 23 350 955 | Contributions by non-governmental organizations | | 1 013 295 | 99 982 | 442 990 | 1 556 266 | 26 668 949 | 11 310 648 | 37 979 597 | 39 535 863 |
| 2 070 420 | Contributions by other sources | 5 | 270 887 | 278 893 | 791 852 | 1 341 632 | 7 965 689 | 736 586 | 8 702 275 | 10 043 907 |
| **1 241 287 846** | **Total contributions[c]** | | **922 797 198** | **110 015 303** | **12 512 721** | **1 045 325 222** | **475 847 214** | **169 056 550** | **644 903 765** | **1 690 228 987** |
| | **Other income** | | | | | — | | | | |
| 23 858 655 | Miscellaneous income | 6 | 10 969 515 | 89 187 | — | 11 058 702 | — | — | — | 11 058 702 |
| | MMD and MCSP interest income | 6 | — | — | — | — | — | 12 880 762 | 12 880 762 | 12 880 762 |
| 11 939 893 | Currency exchange gains/(losses) | 7 | (1 615 758) | 21 | (0) | (1 615 737) | 0 | (17 344) | (17 344) | (1 633 081) |
| **35 798 549** | **Total other income** | | **9 353 757** | **89 208** | **(0)** | **9 442 966** | **0** | **12 863 418** | **12 863 418** | **22 306 384** |
| **1 277 086 394** | **TOTAL INCOME** | | **932 150 955** | **110 104 511** | **12 512 721** | **1 054 768 188** | **475 847 214** | **181 919 968** | **657 767 183** | **1 712 535 371** |
| (1 308 258 199) | **EXPENDITURE[d]** | 2 (g) | (902 095 798) | (85 872 511) | (13 435 534) | (1 001 403 843) | (396 808 737) | (180 676 133) | (577 484 870) | (1 578 888 714) |
| (31 171 804) | **EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE** | | 30 055 157 | 24 232 000 | (922 813) | 53 364 345 | 79 038 477 | 1 243 835 | 80 282 312 | 133 646 657 |
| (21 176 827) | Adjustments[e] | 16 | 203 149 | (1 807 393) | (168 014) | (1 772 259) | (13 020 458) | 4 487 895 | (8 532 563) | (10 304 822) |
| **(52 348 632)** | **NET RESULT FOR THE YEAR** | | **30 258 306** | **22 424 607** | **(1 090 827)** | **51 592 086** | **66 018 020** | **5 731 730** | **71 749 749** | **123 341 836** |

| Biennium 2006-2007 all funds[a] | Details | Note | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Regular budget unearmarked funds* | Regular budget earmarked funds* | In kind | Regular budget funds total | Emergency appeal Gaza and West Bank | Projects[b] | Non-regular budget funds total | Grand total |
| 38 654 463 | Working capital as at the beginning of the biennium | | 7 274 340 | — | — | 7 274 340 | — | — | — | 7 274 340 |
| 125 719 423 | Fund balances as at the beginning of the biennium | | — | 35 421 059 | 1 167 401 | 36 588 460 | 6 427 618 | 61 734 841 | 68 162 459 | 104 750 919 |
| 7 274 340 | **Working capital as at the end of the biennium** | | 37 532 646 | — | — | 37 532 646 | — | — | — | 37 532 646 |
| **104 750 919** | **Fund balances as at the end of the biennium** | | — | **57 845 666** | **76 574** | **57 922 240** | **72 445 637** | **67 466 571** | **139 912 209** | **197 834 449** |
| **112 025 254** | **Working capital and fund balances as at 31 December 2009** | | **37 532 646** | **57 845 666** | **76 574** | **95 454 886** | **72 445 637** | **67 466 571** | **139 912 209** | **235 367 095** |

* See note 19.

[a] See note 18

[b] See statement 6.

[c] See appendix 4.

[d] See appendices 1, 2 and 3.

[e] See statement 5 and note 16.

Statement 2

## Assets and liabilities statement as at 31 December 2009

(in United States dollars)

| | | | *Regular budget funds* | | | | *Non-regular budget funds* | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *As at 31 December 2007 All funds* | *Particulars* | *Note* | *Regular budget unearmarked funds*[a] | *Regular budget earmarked funds*[a] | *In kind* | *Regular budget funds total* | *Emergency appeal Gaza and West Bank* | *Projects*[b] | *Non-regular budget funds total* | *Grand total* |
| | **Assets** | | | | | | | | | |
| | **Current assets** | | | | | | | | | |
| 212 046 146 | Cash in banks and in hand | 10 | 18 470 551 | 47 433 848 | 76 344 | 65 980 742 | 151 053 681 | 120 047 966 | 271 101 647 | 337 082 389 |
| 86 969 897 | Contribution receivable | 11 | 0 | 20 131 472 | 0 | 20 131 472 | (0) | 270 956 | 270 956 | 20 402 428 |
| 44 163 525 | Accounts receivable | 12.1 | 37 874 864 | 1 822 694 | (0) | 39 697 558 | 0 | 20 498 180 | 20 498 180 | 60 195 738 |
| 11 648 099 | Prepaid expenses and advances to suppliers | 14.3 | 9 035 781 | (2 562 043) | — | 6 473 738 | 2 911 073 | 2 266 613 | 5 177 686 | 11 651 424 |
| 127 953 | Inventories | 13 | 40 529 291 | (0) | 0 | 40 529 291 | 0 | 0 | 0 | 40 529 291 |
| — | Operational account with MMD | 12.2 | — | 448 317 | — | 448 317 | — | (448 317) | (448 317) | (1) |
| | **Fixed assets** | 8 | | | | | | | | |
| 2 822 141 | Construction work in progress | 8.3 | 370 201 | — | — | 370 201 | — | — | — | 370 201 |
| 88 547 577 | Land and buildings | 8.1 | 117 291 480 | — | — | 117 291 480 | — | — | — | 117 291 480 |
| 802 088 | MMD fixed assets | | — | — | — | — | — | 882 469 | 882 469 | 882 469 |
| **447 127 426** | **Total assets** | | **223 572 169** | **67 274 287** | **76 344** | **290 922 800** | **153 964 754** | **143 517 866** | **297 482 621** | **588 405 421** |
| | **Liabilities** | | | | | | | | | |
| 31 905 062 | Accounts payable | 14 | 25 937 936 | 1 567 171 | (230) | 27 504 877 | 4 110 664 | 10 738 811 | 14 849 476 | 42 354 353 |
| 22 761 901 | Area staff leave encashments liabilities | 3.1 | 23 366 601 | — | — | 23 366 601 | — | 1 051 105 | 1 051 105 | 24 417 706 |
| 130 035 109 | Reserve for unliquidated budget commitments | 15 | 24 253 892 | 7 846 280 | — | 32 100 172 | 76 278 935 | 39 705 922 | 115 984 857 | 148 085 029 |
| 3 463 340 | Due to/(from) Area Staff Provident Fund | 4 | 57 804 | 15 170 | — | 72 974 | (0) | (0) | (0) | 72 974 |
| 36 625 211 | Advance contributions | 11.4 | 2 761 449 | 0 | 0 | 2 761 449 | 1 129 518 | 0 | 1 129 518 | 3 890 967 |
| **224 790 622** | **Total liabilities** | | **76 377 682** | **9 428 621** | **(230)** | **85 806 073** | **81 519 117** | **51 495 839** | **133 014 956** | **218 821 028** |

| As at 31 December 2007 All funds | Particulars | Note | Regular budget funds |  |  |  | Non-regular budget funds |  |  | Grand total |
|---|---|---|---|---|---|---|---|---|---|---|
|  |  |  | *Regular budget unearmarked funds*[a] | *Regular budget earmarked funds*[a] | *In kind* | *Regular budget funds total* | *Emergency appeal Gaza and West Bank* | *Projects*[b] | *Non-regular budget funds total* |  |
|  | **Reserves** |  |  |  |  |  |  |  |  |  |
| 40 270 045 | Working capital[c] |  | 37 532 646 | — | — | 37 532 646 | — | — | — | 37 532 646 |
| 74 053 102 | Fund balances[c] |  | — | 57 845 666 | 76 574 | 57 922 240 | 72 445 637 | 67 466 571 | 139 912 209 | 197 834 449 |
| 60 593 850 | Revaluation capital surplus reserve (2002-2005)[c] | 8.2 | 55 293 880 | — | — | 55 293 880 | — | — | — | 55 293 880 |
| 26 085 367 | Capital reserve for projects financed buildings[c] | 8.2 | 54 367 961 | — | — | 54 367 961 | — | — | — | 54 367 961 |
| (2 297 893) | Retained earnings — MCSP and MMD |  | — | — | — | — | — | — | — | — |
| 23 632 334 | Capital reserve — MCSP and MMD |  | — | — | — | — | — | 24 555 457 | 24 555 457 | 24 555 457 |
| **447 127 426** | **Total liabilities and reserves** |  | **223 572 169** | **67 274 287** | **76 344** | **290 922 800** | **153 964 754** | **143 517 866** | **297 482 621** | **588 405 421** |

[a] See note 19.

[b] See statement 7.

[c] See statement 5.

## Statement 3

## Cash flow statement for the biennium 2008-2009

(in United States dollars)

| *Biennium 2006-2007* | *Details* | *Biennium 2008-2009* |
|---:|---|---:|
| | **Cash flows from operating activities:** | |
| (31 171 804) | Excess (shortfall) of income over expenditure | 133 646 657 |
| (21 331 538) | Add: decrease in contribution receivable | 66 567 469 |
| (11 663 944) | (Less): increase in accounts receivable | (16 032 213) |
| (7 055 910) | (Less): increase in prepaid expenses and advances to suppliers | (3 325) |
| 500 934 | (Less): increase in inventories | (40 401 339) |
| 5 082 276 | Add: increase in accounts payable | 10 449 291 |
| 77 590 741 | Add: increase in reserve for unliquidated budget commitments | 18 049 920 |
| (11 187 304) | (Less): interest income | (25 129 423) |
| 2 725 237 | Plus: interest transferred to projects | 2 580 836 |
| (11 939 893) | (Less): exchange gains/(losses) | 1 633 081 |
| **(8 451 204)** | **Net cash flows from operating activities** | **151 360 956** |
| | **Cash flows from investing activities:** | |
| 993 981 | Add: decrease in construction work in progress | 2 451 940 |
| (26 114 067) | (Less): increase in land and buildings | (28 743 903) |
| (29 997) | (Less): increase in MMD fixed assets | (80 382) |
| 4 132 458 | Add: increase in capital reserve for projects financed buildings | 28 282 594 |
| 15 525 035 | (Less): decrease in revaluation capital surplus reserve (2002-2005) | (5 299 970) |
| **(5 492 590)** | **Net cash from investing activities** | **(3 389 719)** |
| | **Cash flows from financing activities:** | |
| 4 723 064 | Add: increase in capital reserve — MCSP and MMD | 923 123 |
| 4 595 479 | (Less): decrease in due to/(from) Area Staff Provident Fund | (3 390 366) |
| 17 143 309 | (Less): decrease in advance contributions | (32 734 244) |
| 22 761 901 | Add: increase in area staff leave encashments liabilities | 1 655 806 |
| 11 187 304 | Plus: interest income | 25 129 423 |
| (2 725 237) | (Less): interest transferred to projects | (2 580 836) |
| 4 379 737 | Plus: realized exchange gains/(losses) | 11 923 985 |
| **62 065 555** | **Net cash from financing activities** | **926 891** |

| *Biennium 2006-2007* | *Details* | *Biennium 2008-2009* |
|---|---|---|
| | **Effects of changes on cash:** | |
| (21 176 827) | Adjustments | (10 304 822) |
| — | Revaluation capital surplus reserve (inventory 2008) | 0 |
| 7 560 156 | Unrealized exchange gains/(losses) | (13 557 066) |
| **(13 616 671)** | **Net cash from other sources** | **(23 861 887)** |
| **34 505 089** | **Net increase (decrease) in cash** | **125 036 242** |
| 177 541 057 | Cash balance as at the beginning of the biennium | 212 046 147 |
| 212 046 146 | Cash balance as at the end of the biennium | 337 082 389 |
| **34 505 089** | **Net increase in cash balances** | **125 036 242** |

## Budget and expenditure for the biennium 2008-2009

(in United States dollars)

| Details | Budget | | | | Expenditure | | | |
|---|---|---|---|---|---|---|---|---|
| | *Regular budget unearmarked funds** | *Earmarked funds** | *In kind* | *Total* | *Regular budget unearmarked funds* | *Earmarked funds* | *In kind* | *Total* |
| **REGULAR BUDGET FUNDS** | | | | | | | | |
| **Education programme** | | | | | | | | |
| Elementary education | 275 778 637 | 55 822 | — | 275 834 459 | 296 774 339 | 105 142 | 4 229 278 | 301 108 759 |
| Preparatory education | 198 158 296 | 1 992 424 | — | 200 150 720 | 220 253 072 | 1 613 671 | 1 648 986 | 223 515 728 |
| Secondary education | 10 625 586 | — | — | 10 625 586 | 8 693 391 | 0 | 4 591 | 8 697 981 |
| Vocational and professional training | 39 532 016 | 2 648 621 | — | 42 180 637 | 42 177 837 | 1 265 424 | 38 964 | 43 482 226 |
| Education planning and management | 40 076 644 | 771 574 | 955 400 | 41 803 618 | 23 081 675 | 377 659 | 689 600 | 24 148 934 |
| **Total education programme** | **564 171 179** | **5 468 441** | **955 400** | **570 595 020** | **590 980 313** | **3 361 897** | **6 611 418** | **600 953 628** |
| **Health programme** | | | | | | | | |
| Medical services | 162 836 126 | 1 597 443 | 3 891 300 | 168 324 869 | 132 086 878 | 1 533 936 | 4 267 065 | 137 887 879 |
| Environmental sanitation | 29 335 042 | 89 110 | 600 | 29 424 752 | 32 430 834 | 221 | 512 | 32 431 567 |
| Programme management | 14 523 248 | 305 489 | 955 400 | 15 784 137 | 7 268 558 | 121 037 | 743 301 | 8 132 896 |
| **Total health programme** | **206 694 416** | **1 992 042** | **4 847 300** | **213 533 758** | **171 786 270** | **1 655 194** | **5 010 878** | **178 452 342** |
| **Relief and social services programme** | | | | | | | | |
| Relief services | 82 692 211 | 89 813 918 | | 172 506 129 | 31 513 418 | 66 466 190 | 935 114 | 98 914 723 |
| Social services | 10 592 145 | 4 157 548 | | 14 749 693 | 6 023 835 | 1 322 507 | 97 599 | 7 443 941 |
| Programme management | 13 589 599 | 1 748 702 | | 15 338 301 | 6 449 835 | 925 793 | — | 7 375 628 |
| **Total relief and social services programme** | **106 873 955** | **95 720 168** | — | **202 594 123** | **43 987 089** | **68 714 491** | **1 032 713** | **113 734 292** |
| **Operational and technical services** | | | | | | | | |
| Procurement and logistics services | 35 371 279 | 5 306 124 | — | 40 677 403 | 39 681 950 | 2 407 818 | (258 000) | 41 831 767 |
| Information and communication technology services | 11 657 024 | — | — | 11 657 024 | 5 862 954 | 570 305 | — | 6 433 259 |
| Camp development | 22 497 341 | 154 520 | — | 22 651 861 | 13 128 838 | 154 062 | 1 038 023 | 14 320 922 |

| Details | Budget |  |  |  | Expenditure |  |  |  |
|---|---|---|---|---|---|---|---|---|
|  | Regular budget unearmarked funds* | Earmarked funds* | In kind | Total | Regular budget unearmarked funds | Earmarked funds | In kind | Total |
| Enterprise resource planning application and planning | — | 5 471 184 | — | 5 471 184 | 1 985 174 | 878 394 | — | 2 863 568 |
| Programme management | 907 142 | 1 057 543 | — | 1 964 685 | 917 205 | 677 730 | — | 1 594 934 |
| **Total operational and technical services** | **70 432 786** | **11 989 371** | — | **82 422 157** | **61 576 120** | **4 688 308** | **780 023** | **67 044 451** |
| **Common services** |  |  |  |  |  |  |  |  |
| General management | 54 090 677 | 10 102 788 | — | 64 193 465 | 69 303 736 | 1 700 732 | 502 | 71 004 970 |
| Administration | 85 186 116 | 8 336 320 | — | 93 522 436 | 10 972 030 | 5 751 889 | — | 16 723 920 |
| **Total common services** | **139 276 793** | **18 439 108** | — | **157 715 901** | **80 275 766** | **7 452 621** | **502** | **87 728 890** |
| **Total regular budget funds** | **1 087 449 129** | **133 609 130** | **5 802 700** | **1 226 860 959** | **948 605 558** | **85 872 511** | **13 435 534** | **1 047 913 603** |
| Programme support and credits to expenditure | — | — | — | — | (46 509 760) | — | — | (46 509 760) |
|  | **1 087 449 129** | **133 609 130** | **5 802 700** | **1 226 860 959** | **902 095 798** | **85 872 511** | **13 435 534** | **1 001 403 843** |
| **NON-REGULAR BUDGET FUNDS** |  |  |  |  |  |  |  |  |
| **Emergency appeal** |  | **559 601 373** | **9 007 136** | **568 608 509** |  | **387 904 805** | **8 903 933** | **396 808 737** |
| **Projects** |  |  |  |  |  |  |  |  |
| Emergency situation in Lebanon | — | 80 453 295 | 5 464 505 | 85 917 800 | — | 68 460 678 | 4 751 805 | 73 212 483 |
| Post-1999 projects | — | 116 354 897 | 2 684 497 | 119 039 394 | — | 61 274 265 | 1 602 186 | 62 876 450 |
| Microfinance and microenterprise programme | — | 20 628 528 | — | 20 628 528 | — | 10 083 265 | — | 10 083 265 |
| Disengagement projects in Gaza | — | 13 417 309 | — | 13 417 309 | — | (5 691 574) | — | (5 691 574) |
| Camps improvement initiative in Lebanon | — | 17 912 700 | — | 17 912 700 | — | 14 719 351 | — | 14 719 351 |
| Microcredit community support programme | — | 957 146 | — | 957 146 | — | 839 982 | — | 839 982 |

| Details | Budget |  |  |  | Expenditure |  |  |  |
|---|---|---|---|---|---|---|---|---|
|  | *Regular budget unearmarked funds** | *Earmarked funds** | *In kind* | *Total* | *Regular budget unearmarked funds* | *Earmarked funds* | *In kind* | *Total* |
| Nahr el-Bared Refugee Camp | — | 60 912 308 | — | 60 912 308 | — | 23 465 358 | — | 23 465 358 |
| Other projects | — | 1 283 967 | 327 907 | 1 611 874 | — | 842 911 | 327 907 | 1 170 818 |
| **Total projects** | **—** | **311 920 150** | **8 476 909** | **320 397 059** | **—** | **173 994 235** | **6 681 898** | **180 676 133** |
| Unfunded projects |  | 194 877 747 | — | 194 877 747 | — | — | — | — |
| **Total non-regular budget funds** | **—** | **1 066 399 270** | **17 484 045** | **1 083 883 315** | **—** | **561 899 040** | **15 585 831** | **577 484 870** |
| **Total all funds** | **1 087 449 129** | **1 200 008 400** | **23 286 745** | **2 310 744 274** | **902 095 798** | **647 771 551** | **29 021 365** | **1 578 888 714** |

* See note 19.

Statement 5

## Statement of working capital, fund balances and reserves for the biennium 2008-2009

(in United States dollars)

### 1. Working capital

| *Details* | *Regular budget unearmarked funds** |
|---|---|
| Working capital as at the beginning of the biennium | 7 274 340 |
| Excess (shortfall) of income over expenditure for the biennium | 30 055 157 |
| **Adjustments** | |
| Prior-year's adjustments — changes in accounting policies | (922 438) |
| Prior-year's adjustments — changes in accounting estimates | 1 278 380 |
| Prior-year's adjustments — change account estimates contribution | (114) |
| Reclassifications between funds | (152 679) |
| **Working capital as at the end of the biennium** | **37 532 646** |

* See note 19.

### 2. Fund balances

| *Details* | *Regular budget earmarked funds* | *In kind* | *Emergency Appeal Gaza and West Bank* | *Projects* |
|---|---|---|---|---|
| Fund balances as at the beginning of the biennium | 35 421 059 | 1 167 401 | 6 427 618 | 61 734 841 |
| Excess (shortfall) of income over expenditure for the biennium | 24 232 000 | (922 813) | 79 038 477 | 1 243 835 |
| **Adjustments** | | | | |
| Prior-year's adjustments — changes in accounting estimates | (115) | — | (3 539 419) | (1 516 717) |
| Prior-year's adjustments — change account estimates contribution | (1 294 899) | (168 014) | (9 522 919) | 5 381 435 |
| Reclassifications between funds | (512 379) | — | 41 881 | 623 177 |
| **Fund balances as at end of the biennium** | **57 845 666** | **76 574** | **72 445 637** | **67 466 571** |

## 3. Reserves

| Details | All funds: Regular budget unearmarked funds | Regular budget earmarked funds | Projects | All funds total |
|---|---|---|---|---|
| **Reserves balances as at the beginning of the biennium** | | | | |
| Capital reserve (MMD and MCSP) | — | — | 23 632 334 | 23 632 334 |
| Revaluation capital surplus reserve (2002-2005) | 60 593 850 | — | — | 60 593 850 |
| Capital reserve for projects financed buildings | 26 085 367 | — | — | 26 085 367 |
| | **86 679 216** | — | **23 632 334** | **110 311 550** |
| **Movement during the period** | | | | |
| Capital reserve (MMD and MCSP) | — | — | 923 123 | 923 123 |
| Revaluation capital surplus reserve (2002-2005) | (5 299 970) | — | — | (5 299 970) |
| Capital reserve for projects financed buildings | 28 282 594 | — | — | 28 282 594 |
| | **22 982 624** | — | **923 123** | **23 905 747** |
| **Reserves balances as at end of the biennium** | | | | |
| Capital reserve (MMD and MCSP) | — | — | 24 555 457 | 24 555 457 |
| Revaluation capital surplus reserve (2002-2005) | 55 293 880 | — | — | 55 293 880 |
| Capital reserve for projects financed buildings | 54 367 961 | — | — | 54 367 961 |
| **Reserves as at end of the biennium** | **109 661 841** | — | **24 555 457** | **134 217 298** |

## Statement 6

### Non-regular funds projects statement of income, expenditure and changes in fund balances for the biennium 2008-2009

(in United States dollars)

| *Biennium 2006-2007*[a] | *Details* | *Note* | *Emergency situation in Lebanon* | *Post-1999 projects* | *Microfinance and micro-enterprise programme* | *Disengagement projects in Gaza* | *Camps improvement initiative in Lebanon* | *Microcredit community support programme* | *Nahr el-Bared Refugee Camp* | *Other projects* | *Grand total* |
|---|---|---|---|---|---|---|---|---|---|---|---|
|  | **Income** | 2 (f) |  |  |  |  |  |  |  |  |  |
|  | **Contributions** |  |  |  |  |  |  |  |  |  |  |
| 89 363 853 | Contributions by Governments |  | 28 396 286 | 35 372 845 | — | — | 2 301 571 | — | 54 909 307 | 850 776 | 121 830 785 |
| 39 002 901 | Contributions by Inter-Governments |  | 16 629 412 | 7 040 712 | — | — | — | — | 6 090 594 | 238 727 | 29 999 445 |
| 6 117 514 | Contributions by United Nations Agencies |  | 1 144 237 | 3 534 850 | — | — | 500 000 | — | — | — | 5 179 087 |
| 11 247 049 | Contributions by Non-Governments |  | 1 305 174 | 8 730 444 | — | — | 999 991 | — | — | 275 040 | 11 310 648 |
| 176 404 | Contributions by Other Sources | 5 | 174 119 | 552 466 | — | — | — | — | — | 10 000 | 736 586 |
| **145 907 722** | **Total contributions**[b] |  | **47 649 229** | **55 231 317** | — | — | **3 801 562** | — | **60 999 901** | **1 374 543** | **169 056 550** |
|  | **Other income** |  |  |  |  |  |  |  |  |  |  |
| 7 965 464 | Miscellaneous Income | 6 | — | — | 12 175 492 | — | — | 705 270 | — | — | 12 880 762 |
| 48 226 | Currency Exchange Gains/(Losses) | 7 | — | 3 | (17 085) | — | — | (263) | — | — | (17 344) |
| **8 013 690** | **Total other income** |  | — | **3** | **12 158 407** | — | — | **705 008** | — | — | **12 863 418** |
| **153 921 412** | **Total income** |  | **47 649 229** | **55 231 320** | **12 158 407** | — | **3 801 562** | **705 008** | **60 999 901** | **1 374 543** | **181 919 968** |

| Biennium 2006-2007[a] | Details | Note | Emergency situation in Lebanon | Post-1999 projects | Microfinance and micro-enterprise programme | Disengagement projects in Gaza | Camps improvement initiative in Lebanon | Microcredit community support programme | Nahr el-Bared Refugee Camp | Other projects | Grand total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (127 614 715) | **Expenditure**[c] | 2 (g) | (73 212 483) | (62 876 450) | (10 083 265) | 5 691 574 | (14 719 351) | (839 982) | (23 465 358) | (1 170 818) | (180 676 133) |
| 26 306 697 | **Excess (shortfall) of income over expenditure** | | (25 563 254) | (7 645 130) | 2 075 142 | 5 691 574 | (10 917 789) | (134 974) | 37 534 542 | 203 725 | 1 243 835 |
| 1 218 773 | **Adjustments**[d] | 16 | (722 030) | 7 063 833 | — | 0 | (1 851 209) | (2 699) | — | (0) | 4 487 895 |
| 27 525 470 | **Net result for the year** | | (26 285 285) | (581 297) | 2 075 142 | 5 691 574 | (12 768 998) | (137 673) | 37 534 542 | 203 724 | 5 731 730 |
| 34 209 371 | Fund balances as at the beginning of the biennium[e] | | 31 050 154 | 26 463 462 | (6 645 446) | (73 349) | 9 988 471 | 735 734 | — | 215 815 | 61 734 841 |
| 61 734 841 | **Fund balances as at the end of the biennium** | | 4 764 869 | 25 882 165 | (4 570 304) | 5 618 225 | (2 780 528) | 598 061 | 37 534 542 | 419 540 | 67 466 571 |

[a] See note 18.

[b] See appendix 4.

[c] See appendices 1, 2 and 3.

[d] See statement 5 and note 16.

[e] See statement 5.

## Statement 7

### Non-regular funds projects assets and liabilities statement as at 31 December 2009

(in United States dollars)

| *As at 31 December 2007* | *Details* | *Note* | *Emergency situation in Lebanon* | *Post-1999 projects* | *Microfinance and micro-enterprise programme* | *Disengagement projects in Gaza* | *Camps improvement initiative in Lebanon* | *Microcredit community support programme* | *Nahr el-Bared Refugee Camp* | *Other projects* | *Grand total* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Assets** | | | | | | | | | | |
| | **Current Assets** | | | | | | | | | | |
| 94 791 984 | Cash in banks and in hand | 10 | 7 480 323 | 34 496 663 | 9 289 724 | 11 076 309 | 4 354 799 | 653 811 | 52 015 068 | 681 270 | 120 047 966 |
| 34 927 534 | Contribution receivable | 11 | 0 | (0) | 270 956 | — | (0) | — | (0) | 0 | 270 956 |
| 14 600 965 | Accounts receivable | 12.1 | — | 0 | 18 121 786 | (0) | — | 2 376 394 | 0 | (0) | 20 498 180 |
| 100 655 | Prepaid expenses and advances to suppliers | | 220 622 | 210 467 | 183 422 | — | 1 350 | — | 1 650 751 | — | 2 266 613 |
| — | Operational account with MMD | 12.2 | — | — | (448 317) | — | — | (0) | — | — | (448 317) |
| | **Fixed assets** | 8 | | | | | | | | | |
| 802 088 | MMD fixed assets | | — | — | 882 469 | — | — | — | — | — | 882 469 |
| **145 223 226** | **Total assets** | | **7 700 945** | **34 707 130** | **28 300 040** | **11 076 309** | **4 356 149** | **3 030 205** | **53 665 819** | **681 270** | **143 517 866** |
| | **Liabilities** | | | | | | | | | | |
| 5 001 543 | Accounts payable | 14 | 172 684 | 647 340 | 9 533 017 | 32 134 | 190 156 | 162 593 | 4 663 | (3 777) | 10 738 811 |
| 700 285 | Area staff leave encashments liabilities | 3.1 | — | — | 1 051 105 | — | — | — | — | — | 1 051 105 |
| 37 508 472 | Reserve for unliquidated budget commitments | 15 | 2 763 392 | 8 177 625 | — | 5 425 949 | 6 946 521 | 316 | 16 126 613 | 265 507 | 39 705 922 |
| 815 016 | Due to/(from) Area Staff Provident Fund | 4 | 0 | 0 | — | — | (0) | 0 | 0 | (0) | (0) |
| 15 830 735 | Advance contributions | | 0 | 0 | — | — | — | — | — | — | 0 |
| **59 856 051** | **Total liabilities** | | **2 936 076** | **8 824 965** | **10 584 122** | **5 458 083** | **7 136 676** | **162 910** | **16 131 276** | **261 730** | **51 495 839** |
| | **Reserves** | | | | | | | | | | |
| 61 734 842 | Fund balances | | 4 764 869 | 25 882 165 | (4 570 304) | 5 618 225 | (2 780 528) | 598 061 | 37 534 542 | 419 540 | 67 466 571 |
| 23 632 334 | Capital reserve — MCSP and MMD | | — | — | 22 286 222 | — | — | 2 269 235 | — | — | 24 555 457 |
| **145 223 226** | **Total liabilities and reserves** | | **7 700 945** | **34 707 130** | **28 300 040** | **11 076 309** | **4 356 149** | **3 030 205** | **53 665 819** | **681 270** | **143 517 866** |

## B. Appendices, annex and notes to the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

## Appendix 1

### Regular budget expenditure for the biennium 2008-2009

(in United States dollars)

| *Biennium 2006-2007* | *Programme* | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* |
|---|---|---|---|---|---|
| | **Education services** | | | | |
| | **General Education** | | | | |
| 254 997 443 | Elementary education | 296 774 339 | 105 142 | 4 229 278 | 301 108 759 |
| 178 849 621 | Preparatory education | 220 253 072 | 1 613 671 | 1 648 986 | 223 515 728 |
| 5 985 893 | Secondary education | 8 693 391 | — | 4 591 | 8 697 981 |
| | **Vocational and professional training** | | | | |
| 10 683 523 | Gaza training centre | 6 349 408 | 491 097 | 7 502 | 6 848 007 |
| 3 402 911 | Khan Younis training centre | 955 954 | 801 846 | — | 1 757 800 |
| 4 875 856 | Siblin training center | 5 699 052 | — | — | 5 699 052 |
| 2 524 884 | Damascus training centre | 3 356 109 | — | 3 141 | 3 359 251 |
| 4 696 876 | Wadi Seir training center | 5 358 708 | (37 219) | 5 094 | 5 326 583 |
| 3 003 780 | Amman training centre | 3 752 611 | (62 294) | 7 709 | 3 698 026 |
| 4 022 006 | Kalandia training centre | 4 583 128 | — | — | 4 583 128 |
| 2 983 006 | Ramallah Men's training centre | 3 520 331 | — | 6 211 | 3 526 542 |
| 4 947 557 | Ramallah Women's training centre | 5 553 499 | — | 5 555 | 5 559 054 |
| 2 768 575 | Pre-service teacher education | 3 049 237 | 71 994 | 3 752 | 3 124 983 |
| — | Nahr el-Bared vocational training centre | (200) | — | — | (200) |
| | **Programme management** | | | | |
| 2 803 539 | Education development centre | 3 420 914 | — | — | 3 420 914 |
| 16 802 524 | Education planning and management | 20 362 835 | 129 186 | 689 600 | 21 181 622 |
| 180 | University scholarship | — | — | — | — |
| 168 782 | Placement and career guidance | 239 316 | — | — | 239 316 |
| 3 589 984 | Depreciation expenditure — education | 420 970 | — | — | 420 970 |
| 1 712 545 | Programme support cost | — | 248 473 | — | 248 473 |
| (9 455 343) | Expenditure credits of capitalization | (1 362 361) | — | — | (1 362 361) |
| **499 364 143** | **Total education services** | **590 980 313** | **3 361 897** | **6 611 418** | **600 953 628** |

| *Biennium 2006–2007* | *Programme* | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* |
|---|---|---|---|---|---|
| | **Health services** | | | | |
| | **Medical care service** | | | | |
| 5 866 675 | Laboratory services | 6 726 468 | — | 6 615 | 6 733 083 |
| 6 315 643 | Maternal and child health | 7 827 847 | — | 418 945 | 8 246 792 |
| 11 877 652 | Disease prevention and control | 7 436 581 | — | 2 242 124 | 9 678 705 |
| 1 758 878 | Physical rehabilitation | 2 025 287 | — | — | 2 025 287 |
| — | Mental health | 93 946 | — | — | 93 946 |
| — | Non-comunicable diseases | 2 133 340 | — | 57 824 | 2 191 164 |
| 1 084 872 | School health services | 1 362 878 | — | — | 1 362 878 |
| 2 965 047 | Qalqilia hospital | 3 728 479 | — | 621 | 3 729 101 |
| 5 460 567 | Supplementary feeding | (457 902) | 1 464 104 | 19 990 | 1 026 191 |
| 56 711 412 | Out-patient medical care | 67 571 765 | 22 832 | 1 520 946 | 69 115 544 |
| 23 763 942 | Hospital services | 27 036 463 | 47 000 | — | 27 083 463 |
| 5 686 985 | Oral health services | 6 601 725 | — | — | 6 601 725 |
| | **Environmental sanitation** | | | | |
| 1 709 256 | Water quality control | 2 270 704 | — | 174 | 2 270 878 |
| 48 599 | Environmental project planning | 55 293 | — | — | 55 293 |
| 351 719 | Environmental project design | 398 492 | — | — | 398 492 |
| 223 106 | Environmental project implementation | 328 160 | — | — | 328 160 |
| 735 021 | Sewage and drainage | 263 323 | — | — | 263 323 |
| 23 369 017 | Solid waste management | 28 797 387 | 221 | 337 | 28 797 946 |
| 291 725 | Environmental health administration | 317 474 | — | — | 317 474 |
| | **Programme management** | | | | |
| 7 166 208 | Health administration | 7 614 754 | 121 037 | 743 301 | 8 479 092 |
| 57 200 | Programme support cost | — | — | — | — |
| (2 021 702) | Expenditure credits of capitalization | (490 339) | — | — | (490 339) |
| 1 679 795 | Depreciation expenditure — health | 144 144 | — | — | 144 144 |
| **155 101 618** | **Total health services** | **171 786 270** | **1 655 194** | **5 010 878** | **178 452 342** |
| | **Relief and social services** | | | | |
| | **Relief services** | | | | |
| 57 558 317 | Special hardship assistance | 30 499 844 | 66 466 190 | 862 134 | 97 828 168 |
| 903 333 | Eligibility and registration, Palestine refugees | 1 013 159 | — | — | 1 013 159 |
| 960 | Quality control | 269 | — | 246 | 515 |
| 2 651 348 | Ration distribution costs | 146 | — | 72 734 | 72 880 |
| | **Social services** | | | | |
| 1 004 522 | Community development | 1 236 190 | 1 200 | 88 540 | 1 325 930 |
| 195 163 | Youth activities | 253 817 | — | 1 467 | 255 284 |
| 1 133 987 | Women-in-development | 1 022 706 | 549 | 4 284 | 1 027 539 |

| *Biennium 2006–2007* | *Programme* | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* |
|---:|---|---:|---:|---:|---:|
| 1 666 231 | Disability programme | 1 634 488 | 1 294 | 3 175 | 1 638 958 |
| 933 311 | Rehabilitation centre for visually impaired | 1 065 512 | — | 133 | 1 065 645 |
| 744 080 | Poverty alleviation | 810 762 | — | — | 810 762 |
| 383 034 | Income-generation programme | — | (36 698) | — | (36 698) |
| — | Pregnant women and nursing mothers | 360 | 1 356 162 | — | 1 356 522 |
| | **Programme management** | | | | |
| 3 936 943 | Rssp management | 4 288 272 | 876 744 | — | 5 165 016 |
| 1 848 812 | Eligibility and registration unit | 2 161 563 | — | — | 2 161 563 |
| 1 439 243 | Programme support cost | — | 49 049 | — | 49 049 |
| **74 399 284** | **Total relief and social services** | **43 987 089** | **68 714 491** | **1 032 713** | **113 734 292** |
| | **Technical and operational services** | | | | |
| 10 628 570 | Passenger transport | 11 515 653 | 117 075 | 318 472 | 11 951 200 |
| 4 704 071 | Freight transport | 5 324 414 | — | 45 693 | 5 370 107 |
| (6 359 137) | Purchase of supplies for inventory | 273 959 | (6 237) | (719 234) | (451 512) |
| — | Ration distribution cost | 3 284 297 | 9 599 | 72 984 | 3 366 879 |
| 2 581 447 | Vehicle maintenance | 3 084 180 | — | 115 | 3 084 295 |
| 2 204 369 | Port operations | 479 939 | 1 996 581 | — | 2 476 520 |
| 635 076 | Procurement and inventory management system | 54 292 | — | — | 54 292 |
| 50 844 | Maintenance of generators and pumps | 68 201 | — | — | 68 201 |
| 6 370 555 | Supply warehousing | 8 598 134 | 1 462 | 7 605 | 8 607 200 |
| 7 127 716 | Procurement and logistics administration | 6 998 881 | 289 339 | 16 365 | 7 304 585 |
| 4 713 874 | Information systems services | 5 825 137 | 570 305 | — | 6 395 442 |
| 23 274 | Supply to Information System Division | 37 817 | — | — | 37 817 |
| 295 195 | Housing and camp improvement | 1 605 271 | — | 1 028 063 | 2 633 334 |
| 8 130 218 | Architectural planning and design | 10 277 810 | 135 826 | 9 960 | 10 423 596 |
| 336 138 | Infrastructure and camps development management | 1 111 084 | 18 236 | — | 1 129 320 |
| — | Monitoring, evaluation and quality assurance/quality control | 134 673 | — | — | 134 673 |
| — | Enterprise applications | 62 953 | — | — | 62 953 |
| 980 593 | Enterprise infrastructure | 1 919 436 | 410 714 | — | 2 330 150 |
| — | Enterprise resource planning | 2 785 | 467 680 | — | 470 465 |
| 525 412 | Office of Director of Administrative Support | 829 864 | 210 985 | — | 1 040 849 |
| 57 602 | Production units — Gaza | 87 340 | — | — | 87 340 |
| 1 104 506 | Programme support cost | — | 466 745 | — | 466 745 |
| **42 110 322** | **Total technical and operational services** | **61 576 120** | **4 688 308** | **780 023** | **67 044 451** |

| *Biennium 2006-2007* | *Programme* | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* |
|---|---|---|---|---|---|
| | **Common services** | | | | |
| | **General management** | | | | |
| 12 408 899 | Field office administration | 9 829 015 | 937 680 | — | 10 766 695 |
| 3 881 855 | Area administration | 4 370 623 | 19 907 | 71 | 4 390 600 |
| 1 929 983 | Camp services administration | 2 229 703 | — | — | 2 229 703 |
| 5 549 307 | Protective services | 6 857 294 | — | — | 6 857 294 |
| 380 163 | Projects unit | 316 812 | 66 252 | — | 383 063 |
| — | Emergency management | 1 525 | — | — | 1 525 |
| 2 297 847 | Public information | 2 337 238 | 72 456 | — | 2 409 693 |
| 3 518 061 | External relations | 4 215 167 | 114 220 | — | 4 329 387 |
| 2 168 832 | Internal and external audit services | 2 217 662 | 150 333 | — | 2 367 995 |
| 3 237 308 | Legal services | 3 029 579 | 30 863 | — | 3 060 442 |
| 456 122 | Operations and refugees affairs officers | 480 061 | — | — | 480 061 |
| 130 073 | Operations support officers programme | 160 696 | — | — | 160 696 |
| 198 627 | Research officers and economic advisers | 254 966 | — | — | 254 966 |
| 4 824 320 | Psychosocial support programme | 406 416 | 149 993 | — | 556 410 |
| 94 647 | UNRWA representative office — Brussels | 682 712 | — | — | 682 712 |
| 11 743 527 | Administrative services | 12 057 318 | 1 056 | 432 | |
| 336 767 | Advisory Commission secretariat | 552 939 | 143 895 | — | |
| 1 235 248 | Compensation and management services | 1 161 730 | — | — | 1 161 730 |
| 9 909 159 | Financial services | 10 132 162 | 452 | — | 10 132 613 |
| 6 074 915 | Personnel services | 8 006 463 | 13 626 | — | 8 020 088 |
| 0 | Provident Fund secretariat | 3 656 | — | — | 3 656 |
| | **Administration** | | | | |
| 1 965 045 | Staff training and development | 2 124 666 | 1 160 390 | — | 3 285 056 |
| 1 046 602 | Depreciation expenditure — administration | 478 606 | — | — | 478 606 |
| 8 738 242 | Liquidated commitments under food commodity | (8 890) | (883 072) | — | (891 962) |
| 4 223 485 | Commissioner General's Office | 2 381 867 | 635 156 | — | 3 017 023 |
| 2 189 249 | Programme Coordination and Support Unit | 1 338 252 | 458 679 | — | 1 796 931 |
| 1 200 481 | Office of Director of Human Resources | 350 665 | 1 711 870 | — | 2 062 534 |
| 52 442 | Joint Appeals Board | 12 773 | 215 705 | — | 228 478 |
| — | Fixed assets project | 43 073 | — | — | 43 073 |
| 601 121 | Ramco applications | 398 414 | — | — | 398 414 |
| — | Security | 21 669 | — | — | 21 669 |
| — | IPSAS building valuation | 41 437 | — | — | 41 437 |
| — | IPSAS implementation | 11 632 | — | — | 11 632 |
| — | Budget reform | — | 75 732 | — | 75 732 |
| 782 292 | Legal assistance | 1 045 113 | (0) | — | 1 045 113 |
| 1 110 817 | Representative office — NY | 1 212 222 | 474 | — | 1 212 696 |

| *Biennium 2006-2007* | *Programme* | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* |
|---|---|---|---|---|---|
| 112 520 | Representative office — Cairo | 165 893 | — | — | 165 893 |
| 797 635 | Representative office — Geneva | 529 867 | — | — | 529 867 |
| — | Staff holding code headquarters (Gaza) | — | — | — | — |
| 573 660 | Commissioner General's Office — Gaza 2 | 824 772 | 2 359 734 | — | 3 184 507 |
| (36 448 313) | Programme support cost | (44 009 402) | 17 220 | — | (43 992 182) |
| 859 525 | Expenditure credits of capitalization | (2 500 358) | — | — | (2 500 358) |
| **58 180 463** | **Total common services** | **33 766 006** | **7 452 621** | **502** | **41 219 130** |
| **829 155 830** | **Total regular budget expenditure** | **902 095 798** | **85 872 511** | **13 435 534** | **1 001 403 843** |

## Appendix 2

### Expenditure by nature for the biennium 2008-2009

(in United States dollars)

| | | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| *Biennium 2006-2007* | *Expenditure category* | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* | *Emergency appeal* | *Projects* | *Total* | *Grand total* |
| 49 873 076 | International staff cost | 40 682 053 | 4 053 024 | 2 454 799 | 47 189 876 | 7 896 587 | 7 582 478 | 15 479 064 | 62 668 940 |
| 701 593 833 | Area staff cost | 751 684 652 | 7 102 352 | — | 758 787 003 | 105 730 908 | 16 261 662 | 121 992 569 | 880 779 573 |
| 208 683 043 | Purchase of inventory supplies | 32 315 937 | 41 741 695 | 1 092 248 | 75 149 879 | 56 391 243 | (465 844) | 55 925 399 | 131 075 279 |
| 1 192 092 | Purchase of non-inventory items | 27 501 581 | 2 433 [illegible] | 9 136 853 | 39 071 512 | 28 333 877 | 20 445 844 | 48 779 720 | 87 851 232 |
| 17 853 883 | Premises | 16 339 984 | 869 [illegible] | 201 947 | 17 411 126 | 2 062 527 | 3 651 313 | 5 713 840 | 23 124 965 |
| 152 603 866 | Equipment and construction | 9 032 723 | 1 233 222 | 537 954 | 10 803 899 | 4 490 517 | 49 690 990 | 54 181 507 | 64 985 406 |
| 125 965 175 | Services | 49 782 406 | 13 977 762 | 10 744 | 63 770 912 | 68 680 775 | 52 619 044 | 121 299 819 | 185 070 731 |
| 114 228 991 | Subsidies | 27 906 594 | 25 860 690 | 989 | 53 768 273 | 123 222 474 | 30 297 580 | 153 520 055 | 207 288 328 |
| **1 371 993 959** | **Total budgeted expenditure** | **955 245 930** | **97 271 017** | **13 435 534** | **1 065 952 481** | **396 808 908** | **180 083 066** | **576 891 974** | **1 642 844 455** |
| (52 748 362) | Programme support cost and income from other services | (45 168 094) | (11 394 217) | — | (56 562 311) | — | (30 030) | (30 030) | (56 592 341) |
| (4 301 139) | Transfer to expenditure | 2 502 190 | 965 | — | 2 503 155 | (170) | 3 650 | 3 479 | 2 506 634 |
| (6 953 121) | Adjustments of building capitalization | (3 309 339) | — | — | (3 309 339) | — | — | — | (3 309 339) |
| 266 861 | Income charges to expenditure | (7 174 889) | (5 254) | — | (7 180 143) | — | 619 448 | 619 448 | (6 560 696) |
| **1 308 258 199** | **Total expenditure** | **902 095 798** | **85 872 511** | **13 435 534** | **1 001 403 843** | **396 808 737** | **180 676 133** | **577 484 870** | **1 578 888 714** |

# Appendix 3

## Statement of income, expenditure and fund balances by project for the biennium 2008-2009

(in United States dollars)

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| **Regular budget funds** | | | | | | |
| **Regular budget unearmarked funds** | | | | | | |
| General Fund — Cash | (46 051 153) | 713 438 481 | (788 625 436) | (75 186 955) | (8 741 863) | (129 979 970) |
| Funded from Programme Support Costs | 65 525 024 | — | 39 174 950 | 39 174 950 | 512 285 | 105 212 259 |
| Cost of relocation of staff | (493 326) | — | — | — | 493 326 | (0) |
| Medium-term plan 2005 — regular budget | (396) | — | — | — | 396 | (0) |
| Medium-term plan 2006 — regular budget | (2 420 381) | — | (10 461) | (10 461) | 2 420 381 | (10 461) |
| Medium-term plan 2007 — regular budget | (50 265) | — | — | — | 50 265 | 0 |
| Provident Fund | 6 029 | — | 6 906 | 6 906 | — | 12 934 |
| Funded by WHO | 14 308 | 292 000 | (297 202) | (5 202) | — | 9 105 |
| Protection Officer (P4), headquarters (Gaza) | (300 996) | — | — | — | 300 996 | — |
| Engineering costs to be construction and maintenance projects | (2 408) | — | (600 884) | (600 884) | — | (603 292) |
| Former emergency appeal activities | (4 829 526) | — | (4 638 202) | (4 638 202) | 4 829 526 | (4 638 202) |
| Extra costs regarding area staff health insurance | (977) | — | — | — | 977 | (0) |
| Contingency plan, West Bank | (1 074 437) | — | — | — | 1 074 437 | 0 |
| Organizational development activities | (40 123) | — | — | — | — | (40 123) |
| IPSAS implementation | — | — | (53 070) | (53 070) | — | (53 070) |
| EU cash in lieu of food commodities | — | — | (15 506 550) | (15 506 550) | — | (15 506 550) |
| Funded from PLO | (274 156) | — | — | — | — | (274 156) |
| UNRWA education and health programmes funded by European Community | (4 333 441) | 190 335 632 | (104 100 943) | 86 234 689 | — | 81 901 249 |
| General Fund programmes in Lebanon | — | 1 557 632 | — | 1 557 632 | — | 1 557 632 |
| General Fund programme: Teacher Training College in Gaza | 737 463 | — | — | — | (737 463) | 0 |
| General Fund: procurement of fuel for Gaza | — | 999 977 | (853 830) | 146 147 | — | 146 147 |
| Payment of salaries of the additional 190 teachers needed in Gaza | — | 696 379 | (696 379) | (0) | 0 | (0) |
| General Fund programme: support to basic education in UNRWA schools in the Gaza Strip | — | 1 322 751 | (1 327 102) | (4 350) | — | (4 350) |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Schools of Excellence in Gaza "Supporting the Basic Operations of the UNRWA Education Programme" | — | 739 645 | (178 890) | 560 755 | — | 560 755 |
| Budgeted income and expenditure of UNRWA schools voluntary contributions | 186 859 | 178 097 | (245 381) | (67 285) | — | 119 574 |
| Provision of quality education services | — | 14 307 229 | (15 060 240) | (753 011) | — | (753 011) |
| Health, environmental health and emergency job creation programmes in the Gaza Strip | — | 8 283 133 | (8 283 133) | (0) | 0 | (0) |
| 2009 regular budget: UNRWA activities in Lebanon | — | — | (721 501) | (721 501) | — | (721 501) |
| Production units in Gaza | 685 016 | — | (87 340) | (87 340) | — | 597 676 |
| Liquidation of housing credits and accrual income | (8 776) | — | 8 890 | 8 890 | (114) | — |
| **Regular budget unearmarked funds total** | **7 274 340** | **932 150 955** | **(902 095 798)** | **30 055 157** | **203 149** | **37 532 646** |
| Special contribution to UNRWA for emergency needs in the Gaza Strip for vocational training centre (Gaza) | 1 407 718 | — | (525 280) | (525 280) | — | 882 437 |
| Special contribution to UNRWA for emergency needs in the Gaza Strip for vocational training centre (Gaza) | (27 458) | — | — | — | — | (27 458) |
| Special contribution to UNRWA for emergency needs in the Gaza Strip for (Gaza) schools | 1 669 574 | — | (1 998 886) | (1 998 886) | — | (329 312) |
| Special contribution to UNRWA, expending the Agency psychological support programme | (109 218) | — | (159 051) | (159 051) | — | (268 269) |
| Establishment of Rafah training centre, Gaza Strip | 69 198 | — | (69 193) | (69 193) | (6) | 0 |
| For activities in Gaza | 3 801 | — | — | — | — | 3 801 |
| Post-Gaza disengagement projects in Gaza and the West Bank | 1 733 506 | 39 112 | (1 468 965) | (1 429 853) | — | 303 653 |
| Liquidation of housing credits and accrual income | (1 839 978) | — | 864 355 | 864 355 | — | (975 623) |
| General Fund programme: voluntary school/training centre contributions and canteen revenues | — | 278 893 | (79 609) | 199 283 | — | 199 283 |
| General Fund programme: liquidated damages — food commodities | — | 89 173 | (1 279) | 87 894 | — | 87 894 |
| Parallel study programme in the training centres and its tuition fees | — | — | 99 513 | 99 513 | — | 99 513 |
| Food security programme in Gaza and West Bank implementation | 298 907 | — | — | — | — | 298 907 |
| Procurement of wheat flour for Gaza Strip | 157 720 | — | — | — | — | 157 720 |
| Regular food security programme to feed the poorest of the refugees in Gaza | 247 882 | — | (21 103) | (21 103) | — | 226 779 |
| Regular food programme in Gaza | — | 99 982 | (183) | 99 799 | — | 99 799 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| EC 2004 food aid (2005 implementation) | (1 683 012) | 1 987 446 | (1 075) | 1 986 372 | (303 360) | (0) |
| EC 2005 food aid (2006 implementation) | (668 114) | 959 868 | (56 888) | 902 979 | (234 865) | 0 |
| EC 2006 food aid (2007 implementation) | 710 170 | 1 034 835 | (1 496 643) | (455 807) | 132 | 254 494 |
| Support to UNRWA special hardship case programme and its reform: 2007 UNRWA food aid and cash assistance programme in favour of Palestine Refugees, reform of the social hardship case in Gaza Strip (2008 implementation) | — | 5 647 119 | (5 596 422) | 50 697 | — | 50 697 |
| Implementation of the social safety net programme in UNRWA (food aid and cash) | — | 24 184 248 | (14 511 550) | 9 672 697 | — | 9 672 697 |
| France 2005 food aid: regular food aid to Palestine refugees in Lebanon, Syrian Arab Republic and Jordan. Procurement of whole milk powder | 212 200 | — | (51 405) | (51 405) | (2 077) | 158 718 |
| Regular food aid to Palestine refugees in Gaza, Lebanon, Syrian Arab Republic, Jordan and West Bank — procurement of rice (including transportation, distribution and related costs) | 15 593 | — | (24 817) | (24 817) | — | (9 224) |
| Procurement of whole milk regular food aid to Palestine refugees in Gaza, Lebanon, Syrian Arab Republic, Jordan and West Bank — procurement of whole milk and sunflower oil (including transportation, distribution and related costs) | 1 323 445 | — | (118 361) | (118 361) | (8) | 1 205 076 |
| France 2008 food aid: procurement of whole milk for Gaza and West Bank | — | 2 269 289 | (2 421 566) | (152 277) | — | (152 277) |
| France 2009 food aid: regular food aid to Palestine refugees | — | 1 360 544 | (909 352) | 451 192 | 2 085 | 453 277 |
| Japan 2006 food aid: procurement of wheat flour and/or pulses | 242 220 | 155 885 | (296 184) | (140 299) | — | 101 921 |
| Japan 2006 food aid | 1 630 128 | 54 568 | (145 315) | (90 747) | 389 | 1 539 770 |
| Japan 2007/08 food aid | 4 154 174 | 98 986 | (3 730 647) | (3 631 661) | — | 522 513 |
| Japan 2008/09 food aid: procurement of wheat flour and/or pulses | — | 5 787 679 | (5 952 277) | (164 598) | — | (164 598) |
| Japan 2009/10 food aid: procurement of wheat flour and/or pulses | — | 6 282 720 | (319 740) | 5 962 980 | — | 5 962 980 |
| Belgium 2005 food aid: regular food aid to Palestine refugees in Gaza, Lebanon, Syrian Arab Republic, Jordan and West Bank | 48 419 | — | (3 689) | (3 689) | (47 893) | (3 163) |
| Belgium 2007 food aid: to purchase food for distribution in the Gaza Strip, Lebanon, Syrian Arab Republic, the West Bank and Jordan in 2007-2008 | 119 257 | — | (81 823) | (81 823) | 47 894 | 85 328 |
| Procurement of sugar and whole milk powder for Gaza and West Bank and a procurement study | — | 1 762 505 | (1 286 841) | 475 664 | — | 475 664 |
| Food commodities for the regular budget (2008 implementation) | — | 17 725 258 | (19 884 199) | (2 158 941) | — | (2 158 941) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit | | | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| | | Income | Expenditure | Surplus/deficit | | |
| Procurement of whole milk and sunflower oil, regular food aid to Palestine refugees in Gaza, Lebanon, Syrian Arab Republic, Jordan and West Bank — procurement of whole milk and sunflower oil (including transportation, distribution and related costs) | 1 331 637 | — | (193 923) | (193 923) | — | 1 137 714 |
| 2008 UNRWA food aid and cash assistance programme in favour of Palestine refugees, reform of the special hardship case | — | 5 603 862 | (4 491 787) | 1 112 075 | — | 1 112 075 |
| Implementation of the special hardship case programme reform initiative in Gaza | — | 6 152 850 | (6 257 405) | (104 555) | — | (104 555) |
| Regular food aid programme in the occupied Palestinian territories | 437 318 | — | (41 263) | (41 263) | — | 396 055 |
| France 2008 additional food aid: procurement of food commodities for Gaza | — | 1 347 709 | (1 638 629) | (290 920) | — | (290 920) |
| Food aid and implementation of the special hardship case programme for Palestine refugees (2009 social safety net programme in three fields) | — | 6 680 731 | (2 561 196) | 4 119 535 | — | 4 119 535 |
| Food facility — EC UNRWA — II — Food aid and cash allowances for the UNRWA special hardship case programme in occupied Palestinian territory | — | 5 339 049 | (189 605) | 5 149 444 | — | 5 149 444 |
| UNRWA organizational development initiative programme | 8 858 284 | 13 368 689 | (9 712 719) | 3 655 969 | (1 332 000) | 11 182 254 |
| Enterprise resource planning system | — | 418 746 | (161 238) | 257 509 | — | 257 509 |
| Enterprise resource planning system | — | — | (257 227) | (257 227) | 1 332 000 | 1 074 773 |
| Enterprise resource planning system | — | 2 000 000 | (53 610) | 1 946 390 | — | 1 946 390 |
| Biennium 2004-2005 hard commitments liquidation | — | — | (2 629) | (2 629) | — | (2 629) |
| Biennium 2006-2007 hard commitments liquidation | — | 0 | (85 403) | (85 402) | — | (85 402) |
| Liquidation of housing credits and accrual income | 15 378 423 | (625 249) | 229 830 | (395 418) | (1 294 899) | 13 688 105 |
| United Nations-funded project | 52 | — | — | — | — | 52 |
| Running cost of microfinance and microenteprises programme | — | 14 | (0) | 14 | — | 14 |
| Solidarity group lending product/Palestine, Gaza | 32 | — | — | — | (32) | — |
| Microfinance and income generation: supporting sustainable livelihoods and durable income through microenterprise credit | (25 396) | — | — | — | 25 396 | — |
| Provision of furniture and equipment for the regional office of the microfinance and microenterprise programme in Jordan | 33 | — | — | — | (33) | 0 |
| Training/capacity-building, Gaza and West Bank | 115 | — | — | — | (115) | 0 |
| Market research/product design, saving product, microfinance and microenterprise department — Gaza and West Bank | 1 060 | — | (1 060) | (1 060) | — | — |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit<br>Income | <br>Expenditure | <br>Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| Transformation scoping study, microfinance and microenterprise department — Gaza and West Bank | 1 060 | — | (1 060) | (1 060) | — | — |
| Microfinance development and capacity-building: supporting economic recovery and rehabilitation through microenterprise and consumer credit in Gaza and West Bank | — | — | 0 | 0 | (0) | 0 |
| Microfinance and disengagement supporting economic recovery and rehabilitation through microenterprise and housing credit | (61 515) | — | 0 | 0 | — | (61 515) |
| Liquidation of housing credits and accrual income | (216 176) | — | (211 114) | (211 114) | — | (427 290) |
| **Regular budget earmarked funds total** | **35 421 059** | **110 104 511** | **(85 872 511)** | **24 232 000** | **(1 807 393)** | **57 845 666** |
| General Fund in kind | — | 13 259 180 | (13 435 534) | (176 354) | — | (176 354) |
| Belgium contribution | 47 931 | — | (0) | (0) | — | 47 931 |
| French contribution for flour | 186 153 | — | (0) | (0) | — | 186 153 |
| Food aid contribution — United Kingdom | 18 843 | — | 0 | 0 | — | 18 843 |
| Liquidation of housing credits and accrual income | 914 473 | (746 459) | — | (746 459) | (168 014) | 0 |
| **In kind total** | **1 167 401** | **12 512 721** | **(13 435 534)** | **(922 813)** | **(168 014)** | **76 574** |
| **Regular budget funds total** | **43 862 800** | **1 054 768 188** | **(1 001 403 843)** | **53 364 345** | **(1 772 259)** | **95 454 886** |
| Various in kind donations received towards the emergency appeal | — | — | (89 266) | (89 266) | — | (89 266) |
| 2006 emergency appeal: in kind donation (flour) for the Gaza Strip and West Bank | — | — | (31 649) | (31 649) | — | (31 649) |
| 2006 emergency appeal (January-December 2006) | — | — | (121 726) | (121 726) | — | (121 726) |
| 2007 emergency appeal (January-December 2007) various cash donations received towards the emergency appeal | — | 85 199 | (120 778) | (35 578) | — | (35 578) |
| 2008 emergency appeal (various in kind donations received towards the emergency appeal) | — | 2 179 869 | (718 945) | 1 460 924 | — | 1 460 924 |
| Gaza flash appeal 2009 | — | 7 821 570 | (7 821 570) | — | — | — |
| Liquidation of housing credits and accrual income | 85 199 | (85 199) | — | (85 199) | 739 843 | 739 843 |
| Emergency appeal, unearmarked February 2001 | 1 096 | — | (1 741) | (1 741) | — | (645) |
| Construction and equipping of additional rooms at Jenin Basic Girls School — 2nd emergency appeal | 3 260 | — | (3 255) | (3 255) | (5) | 0 |
| Unearmarked contributions — 2002 4th appeal | (1 526) | — | (1 748) | (1 748) | — | (3 274) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Emergency appeal earmarked for 5 UNRWA health centres in West Bank in Askar, Balata, Dheisheh, Tulkarem and Aida Camps | 1 492 | — | — | — | — | 1 492 |
| UNRWA 2002 emergency appeal United Nations-earmarked contribution to be used to charge the supplementary cost of decentralizing the operations at West Bank field office and equipping the area/sub-area office to facilitate the work | 4 560 | — | — | — | — | 4 560 |
| 2002 emergency appeal — UNDP staff | 569 | — | — | — | — | 569 |
| UNRWA 2002 emergency appeal earmarked towards Jenin Camp Rehabilitation — phase I | 6 016 | — | — | — | (215) | 5 801 |
| Fifth emergency appeal: Syrian Arab Popular Committee | 180 | — | — | — | — | 180 |
| Procurement of 6 vehicles (Nissan Terranos) funded by the Office for the Coordination of Humanitarian Affairs | 2 268 | — | — | — | — | 2 268 |
| Psychological support to the refugee children in the West Bank | 74 351 | — | (72 266) | (72 266) | (14) | 2 071 |
| Sixth emergency appeal: July-December 2003 | (365) | 0 | — | 0 | — | (365) |
| Sixth emergency appeal: July-December 2003 | (9 640) | — | (585) | (585) | — | (10 225) |
| Emergency employment creation project in the West Bank occupied Palestinian territory | (35 845) | — | — | — | — | (35 845) |
| Providing a portable Doppler fetal monitor and portable hemoglobin meter for UNRWA emergency mobile clinic operating in the Palestinian enclaves in the West Bank | — | — | (39) | (39) | 39 | — |
| Support of psychosocial programme in Palestine | 3 371 | — | (3 401) | (3 401) | 30 | — |
| 2004 emergency appeal — sundry | 349 881 | — | (303 804) | (303 804) | — | 46 077 |
| Seventh emergency appeal: January-December 2004 | 2 672 | — | (2 670) | (2 670) | (2) | 0 |
| 2004 emergency appeal in Gaza and West Bank | 34 269 | — | (34 260) | (34 260) | — | 9 |
| Transfer of fund balances against previous contributions, West Bank | 262 370 | — | (270 880) | (270 880) | — | (8 510) |
| Requirements for UNRWA emergency health activities in the West Bank — stage I: medical equipment | 3 755 | — | (215) | (215) | — | 3 540 |
| Food assistance, carry out emergency employment programmes, repair and construct shelters and provide cash assistance to families in dire need | 6 212 | — | — | — | — | 6 212 |
| 2004 emergency appeal — France | (475) | — | (112) | (112) | — | (587) |
| Environmental health project/activity in Gaza | 138 | — | — | — | — | 138 |
| VAT refund from contributions to previous emergency appeals | 87 421 | — | (71 119) | (71 119) | — | 16 302 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Summer activities for schoolchildren in the West Bank | (32 692) | — | — | — | — | (32 692) |
| 2004 emergency appeal — New Zealand | 506 491 | — | (491 002) | (491 002) | — | 15 488 |
| 2004 emergency appeal — United States of America | 5 104 | — | — | — | — | 5 104 |
| Re-housing of refugees whose shelters were demolished in Rafah | 766 732 | — | — | — | (766 732) | — |
| 2005 emergency appeal — sundry | 165 417 | — | (131 342) | (131 342) | — | 34 076 |
| Re-housing the Palestine refugee families in Khan Younis — Japan | 10 378 631 | — | (453 625) | (453 625) | — | 9 925 006 |
| Repair of 645 houses in the Gaza Strip | 19 866 | — | — | — | — | 19 866 |
| Repair of 1,700 houses in Gaza, West Bank | (86 132) | 596 557 | (511 687) | 84 870 | — | (1 262) |
| Re-housing the Palestinian refugees families in Rafah — Saudi Arabia | (3 907 307) | — | (1 678 857) | (1 678 857) | — | (5 586 164) |
| 2005 emergency appeal, emergency food aid in the West Bank | — | — | (119) | (119) | — | (119) |
| 2005 emergency appeal, housing reconstruction project in Gaza | 126 344 | — | (124 199) | (124 199) | (2 145) | — |
| 2005 emergency appeal, construction of 600 dwelling units in Khan Younis refugee camp | (2 923 445) | 1 686 996 | (461 702) | 1 225 295 | — | (1 698 150) |
| 2006 emergency appeal — sundry donors | 1 469 560 | — | (1 496 431) | (1 496 431) | — | (26 872) |
| 2006 emergency appeal (fund balances under various old projects) — sundry | 16 662 | — | (17 135) | (17 135) | — | (473) |
| 2006 emergency appeal (fund balances under various old projects) — sundry | 95 119 | — | — | — | — | 95 119 |
| 2006 emergency appeal (psychosocial counselling in the West Bank and the Gaza Strip) | 6 125 | — | — | — | (6 125) | 0 |
| 2006 emergency appeal (social infrastructure in the West Bank and the Gaza Strip) — United Nations | 24 001 | — | — | — | (24 001) | — |
| 2006 emergency appeal job creation, indirect hire — Spain | 668 | — | (564) | (564) | — | 104 |
| 2006 revised emergency appeal — United States of America | 1 379 335 | — | (180 230) | (180 230) | (935 828) | 263 277 |
| 2006 emergency appeal: job creation programme in the West Bank — indirect hire | 4 915 | — | (940) | (940) | (5 044) | (1 069) |
| 2006 emergency appeal: emergency health programme and mobile clinics services in the West Bank — Japan | — | — | (2) | (2) | 103 | 101 |
| 2006 emergency appeal: emergency health programme in Gaza — Japan | 48 594 | — | (24 761) | (24 761) | — | 23 833 |
| 2006 emergency appeal — UNRWA employment generation in the West Bank — European Community | (1 528 975) | 2 366 864 | — | 2 366 864 | (505 007) | 332 881 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit: Income | Surplus/deficit: Expenditure | Surplus/deficit: Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| 2006 emergency appeal for the Gaza Strip and the West Bank earmarked for health services — New Zealand | 108 240 | — | (131 213) | (131 213) | — | (22 973) |
| Repair or reconstruct 185 refugee housing units damaged or demolished during Israeli military incursions into northern Gaza | 2 219 476 | — | (507 372) | (507 372) | (1 712 104) | (0) |
| Emergency shelter repair and reconstruction in Beit Hanoun | (27 039) | — | (71 444) | (71 444) | — | (98 483) |
| 2007 emergency appeal fund balances under various old projects to be used for hospitalization in West Bank — Japan | 5 760 | — | (107) | (107) | — | 5 654 |
| 2007 emergency appeal — various donors | — | — | (279 621) | (279 621) | 279 621 | — |
| 2007 emergency appeal — sundry | 2 936 729 | 2 478 134 | (4 865 806) | (2 387 671) | (279 669) | 269 389 |
| 2007 emergency appeal — sundry | 43 467 | — | (40 715) | (40 715) | — | 2 752 |
| 2007 emergency appeal (January-December 2007) — United States of America | — | — | (3 000) | (3 000) | — | (3 000) |
| 2007 emergency appeal — emergency food aid donation for Gaza | 135 | — | (492) | (492) | — | (357) |
| 2007 emergency appeal (January- December 2007) emergency health programme for the Gaza Strip — Japan | 895 779 | 27 194 | (1 248 813) | (1 221 619) | — | (325 840) |
| Provision of medical equipment and supplies for the Agency mobile health clinics, main health centres and Qalqilia Hospital, West Bank | 103 916 | — | (118 208) | (118 208) | — | (14 291) |
| Emergency food aid in the Gaza Strip 2007 (one round) — European Community | (2 109 094) | 2 629 534 | (4 535 453) | (1 905 920) | 294 952 | (3 720 061) |
| 2007 emergency appeal — Canada | 149 242 | — | (205 243) | (205 243) | — | (56 001) |
| 2007 emergency appeal; emergency health in the West Bank — Australia | 333 657 | — | (385 585) | (385 585) | — | (51 928) |
| 2007 emergency appeal; emergency psychosocial assistance in the Gaza Strip — Australia | — | — | (1 350) | (1 350) | — | (1 350) |
| 2007 emergency appeal; emergency food assistance in Gaza and West Bank — Australia | — | — | (7 318) | (7 318) | — | (7 318) |
| 2007 emergency appeal; emergency appeal for the Gaza Strip and the West Bank — United States of America | 34 289 | — | (34 285) | (34 285) | (4) | 0 |
| 2007 emergency appeal job creation programme, West Bank — European Community | (397 556) | 1 813 472 | (1 508 985) | 304 486 | — | (93 069) |
| 2007 emergency appeal emergency food aid distribution in Gaza and West Bank — Germany | 442 016 | — | (441 360) | (441 360) | (1) | 655 |
| Emergency food aid in Gaza and West Bank — United States of America | 6 685 419 | — | (5 960 827) | (5 960 827) | — | 724 592 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| 2007 emergency appeal in Gaza and West Bank — United States of America | 14 863 172 | — | (9 682 714) | (9 682 714) | — | 5 180 459 |
| 2007 emergency appeal: job creation project in the West Bank — Norway | 16 604 | — | (16 602) | (16 602) | (1) | (0) |
| 2007 emergency appeal: indirect hire in the West Bank — Spain | (13 513) | 14 793 | (1 146) | 13 647 | — | 134 |
| 2007 emergency appeal: for activities in Gaza — Denmark | 219 786 | — | (219 784) | (219 784) | (2) | 0 |
| 2007 emergency appeal, psychosocial support activities in Gaza — Belgium | 165 147 | 32 342 | (195 188) | (162 846) | (2 300) | (0) |
| 2007 emergency appeal, emergency job creation programme — direct hire in Gaza | — | — | (37) | (37) | 37 | 0 |
| 2007 emergency appeal, emergency job creation programme — direct hire in West Bank | 3 652 | — | (3 653) | (3 653) | 1 | — |
| 2007 emergency appeal, operations support officer programme, West Bank — United States of America | 1 638 062 | — | (1 220 053) | (1 220 053) | — | 418 008 |
| 2007 emergency appeal operations support officer programme, Gaza Strip — United States of America | 899 555 | — | (836 896) | (836 896) | — | 62 659 |
| Job creation programme in the West Bank — United States of America | 5 366 238 | — | (5 366 240) | (5 366 240) | — | (2) |
| 2007 emergency appeal, emergency humanitarian aid to the Gaza Strip (food, fuel and medication) | 4 201 726 | — | (1 787 794) | (1 787 794) | — | 2 413 932 |
| 2007 emergency appeal, emergency medical supplies for Gaza Strip — France | 929 078 | — | (861 325) | (861 325) | — | 67 753 |
| Hospitalization services in the West Bank for vulnerable refugees | 76 862 | — | (76 862) | (76 862) | — | 0 |
| Emergency food aid in Gaza — fourth round | 431 976 | — | (76 353) | (76 353) | — | 355 623 |
| Emergency food aid in Gaza — third round | (655 248) | 655 248 | — | 655 248 | 0 | 0 |
| 2007 emergency appeal — Belgium | 361 980 | — | (360 423) | (360 423) | (3) | 1 554 |
| 2007 emergency appeal, for the supply and distribution of food rations to the refugees | — | 1 101 036 | (109 112) | 991 925 | 0 | 991 925 |
| Emergency job creation programme (direct hire) in Gaza — Spain | (1 667 849) | 5 177 515 | (3 509 664) | 1 667 851 | (2) | 0 |
| Emergency cash assistance — Gaza — Spain | (165 667) | 739 645 | (573 978) | 165 667 | (0) | — |
| Purchase of medicines for health-care centres in Gaza — Hungary | 21 600 | — | (18 638) | (18 638) | — | 2 962 |
| 2007 emergency appeal: emergency food aid in Gaza — Spain | — | 193 108 | (357 242) | (164 134) | — | (164 134) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit | | | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| | | Income | Expenditure | Surplus/deficit | | |
| 2007 emergency appeal: emergency food aid in the Gaza strip — Spain | — | 192 308 | (355 765) | (163 457) | — | (163 457) |
| 2007 emergency appeal: emergency food aid in the West Bank — Germany | 497 118 | — | (353 526) | (353 526) | (1) | 143 591 |
| 2008 emergency appeal — various donors — sundry | — | 12 844 483 | (11 078 277) | 1 766 206 | — | 1 766 206 |
| 2008 emergency appeal — private contributions — sundry | — | 39 966 | (24 161) | 15 806 | — | 15 806 |
| 2008 emergency appeal for the Gaza Strip and the West Bank — Friends of UNRWA Association Inc., United States of America | — | 28 114 | (28 115) | (1) | 1 | 0 |
| 2008 emergency appeal for the Gaza Strip and the West Bank — Netherlands | — | 5 953 000 | (4 877 230) | 1 075 770 | — | 1 075 770 |
| 2008 emergency appeal for the Gaza Strip and the West Bank in support of the food and emergency health components — United States of America | — | 14 000 000 | (14 060 012) | (60 012) | — | (60 012) |
| 2008 emergency appeal for the Gaza Strip — sundry | — | 9 526 | (9 526) | (0) | 0 | 0 |
| 2008 emergency appeal for the Gaza Strip and West Bank | — | 496 932 | (499 965) | (3 033) | — | (3 033) |
| 2008 emergency appeal: fuel to cover the needs for the solid waste management in the Gaza Strip — for the Gaza Strip and West Bank | — | 99 980 | (99 979) | 1 | (1) | (0) |
| 2008 emergency appeal: various cash donations received towards the emergency appeal-related to in kind donations | — | 27 223 | (27 223) | 0 | (0) | (0) |
| 2008 emergency appeal for the Gaza Strip and West Bank — United States of America | — | 32 359 404 | (30 999 251) | 1 360 153 | — | 1 360 153 |
| 2008 emergency appeal emergency health programme in the West Bank — Australia | — | 1 458 384 | (1 330 322) | 128 062 | — | 128 062 |
| 2008 emergency appeal emergency food aid in Gaza — United Arab Emirates Red Crescent Society | — | 3 000 000 | (2 222 404) | 777 596 | — | 777 596 |
| 2008 emergency appeal: emergency job-creation programme in the West Bank — United States of America | — | 7 037 052 | (7 037 049) | 3 | (3) | 0 |
| 2008 emergency appeal: Operations Support Office programme in Gaza and West Bank | — | 3 603 544 | (3 087 804) | 515 740 | — | 515 740 |
| 2008 emergency appeal: emergency food aid for the Gaza Strip 2008 (five rounds) funded by the European Commission Humanitarian Aid Office | — | 18 515 116 | (12 974 711) | 5 540 405 | 96 405 | 5 636 810 |
| 2008 emergency appeal: emergency food aid for the Gaza Strip funded by Khalifa Bin Zayed Al-Nehayan Foundation | — | 999 963 | (985 943) | 14 020 | — | 14 020 |
| 2008 emergency appeal for the Gaza Strip and West Bank | — | 10 923 178 | (10 915 468) | 7 710 | (1 363) | 6 347 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| 2008 emergency appeal, emergency food assistance in the West Bank | — | 2 488 366 | (2 134 906) | 353 460 | — | 353 460 |
| 2008 emergency appeal in the Gaza Strip and West Bank emergency activities in the West Bank and purchase of two armoured vehicles and four small vehicles for the Operations Support Office in the Gaza Strip | — | — | (501 058) | (501 058) | 935 828 | 434 770 |
| 2008 emergency appeal: procurement of emergency dental equipment, X-ray items and medications, Gaza | — | 518 504 | (345 945) | 172 559 | — | 172 559 |
| 2008 emergency appeal: cash-for-work project in the West Bank — direct hire in occupied Palestinian territory | — | 7 234 679 | (7 385 524) | (150 844) | 150 844 | 0 |
| 2008 emergency appeal: job-creation programme — direct hire in Gaza | — | 1 000 000 | (1 000 000) | (0) | 0 | 0 |
| 2008 emergency appeal: to cover the costs related to receiving and distributing medicine and medical items in Gaza | — | 11 895 | (11 891) | 4 | (4) | (0) |
| 2008 emergency appeal in Gaza and West Bank, food assistance in Gaza and West Bank | — | 11 190 234 | (12 755 001) | (1 564 767) | — | (1 564 767) |
| 2008 emergency appeal, emergency employment — job-creation programme (Gaza) | — | 1 571 731 | (1 571 730) | 1 | (1) | (0) |
| 2008 emergency appeal, community mental health programme in the West Bank | — | 556 995 | (556 991) | 3 | (3) | (0) |
| 2008 emergency appeal: emergency food assistance in the Gaza Strip | — | 4 723 754 | (1 964 173) | 2 759 580 | — | 2 759 580 |
| 2008 emergency appeal: emergency employment programme in the Gaza Strip | — | 1 205 548 | (1 205 547) | 1 | (1) | (0) |
| 2008 emergency appeal: emergency environmental health in the Gaza Strip | — | 482 441 | (482 441) | 0 | (0) | (0) |
| 2008 emergency appeal: emergency community mental health in the Gaza Strip | — | 560 099 | (560 650) | (551) | — | (551) |
| 2008 emergency appeal: summer games 2008, Gaza | — | 16 173 | (16 173) | (0) | 0 | (0) |
| 2008 emergency appeal: mobile clinics services in the West Bank for vulnerable refugees | — | 175 695 | (147 050) | 28 645 | — | 28 645 |
| 2008 emergency appeal emergency food assistance in the West Bank | — | 482 433 | (297 938) | 184 495 | — | 184 495 |
| Emergency environmental health in the West Bank | — | 98 664 | (98 664) | (0) | 0 | (0) |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| 2008 emergency appeal: emergency health and hospitalization programme in the West Bank and procurement of emergency medical supplies and equipment items in Gaza | — | 1 477 105 | (489 657) | 987 448 | (1 021 905) | (34 457) |
| 2008 emergency appeal emergency job-creation programme — direct hire in Gaza | — | 208 559 | (208 559) | 0 | (0) | 0 |
| Emergency food aid distribution in West Bank | — | 269 542 | (277 350) | (7 809) | — | (7 809) |
| Emergency employment — job-creation programme in Gaza | — | 2 785 474 | (2 785 474) | 0 | (0) | (0) |
| Emergency employment in the West Bank — cash for work project | — | 1 477 098 | (1 477 096) | 2 | (2) | 0 |
| Improve the environmental health in the West Bank refugee camps | — | — | (12 441) | (12 441) | — | (12 441) |
| Emergency food aid programme in Gaza — Spain | — | 161 054 | (188 400) | (27 346) | — | (27 346) |
| Emergency food aid programme in Gaza — Local Council of Castellon | — | 12 937 | — | 12 937 | 16 | 12 953 |
| 2008 emergency appeal: emergency job creation: direct hire — Gaza Strip | — | 3 363 624 | (3 363 623) | 1 | (1) | 0 |
| 2008 emergency appeal: emergency job creation: direct hire — West Bank | — | 524 810 | (524 770) | 40 | (40) | — |
| 2008 emergency appeal: emergency cash assistance — West Bank | — | 1 293 660 | (1 293 661) | (1) | 1 | 0 |
| 2008 emergency appeal: promoting jobs to enhance food and agriculture in the Gaza Strip | — | — | (2 000 000) | (2 000 000) | — | (2 000 000) |
| Supplementary school feeding programme for UNRWA students in Gaza | — | 2 387 376 | (2 969 078) | (581 702) | — | (581 702) |
| 2008 emergency appeal: environmental health in 17 refugees camps in West Bank | — | 227 388 | (227 387) | 1 | (1) | (0) |
| 2008 emergency appeal: distribution of food aid for Bedouins and other isolated vulnerable communities in West Bank | — | 198 413 | (53 605) | 144 808 | — | 144 808 |
| 2008 emergency appeal: to rebuild the shelters for 41 families affected by flooding in Gaza | — | 89 975 | (89 975) | — | — | — |
| 2008 emergency appeal: emergency food aid for the Gaza Strip | — | 5 608 011 | (3 549 195) | 2 058 816 | — | 2 058 816 |
| 2008 emergency appeal: supplementary school feeding and distribution of emergency food rations in Gaza | — | 2 800 000 | (2 800 000) | 0 | (0) | (0) |
| 2008 emergency appeal: procurement of emergency medical supplies for UNRWA health centres, Gaza | — | 200 000 | (177 172) | 22 828 | — | 22 828 |
| 2009 emergency appeal | — | 3 642 046 | (2 743 000) | 899 046 | 7 387 | 906 434 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| 2009 emergency appeal: emergency food aid for the Gaza Strip 2009 (two rounds) | — | 9 672 674 | (5 152 793) | 4 519 881 | — | 4 519 881 |
| 2009 emergency appeal: community mental health programme in the West Bank | — | 676 259 | (676 381) | (122) | — | (122) |
| Provision of fuel to operate the water and wastewater system in Gaza | — | 214 000 | (214 000) | 0 | (0) | (0) |
| 2009 emergency appeal in the Gaza Strip and West Bank | — | 20 000 000 | (13 813 065) | 6 186 935 | — | 6 186 935 |
| 2009 emergency appeal: procurement of laboratory and furniture items for UNRWA health centres in Gaza | — | 196 850 | (120 724) | 76 127 | — | 76 127 |
| 2009 emergency appeal: procurement of laboratory and furniture items for UNRWA health centres in Gaza | — | 111 549 | (13 161) | 98 388 | — | 98 388 |
| 2009 emergency appeal: emergency employment generation programme in the West Bank — cash-for-work project | — | 4 929 958 | (6 161 812) | (1 231 854) | — | (1 231 854) |
| 2009 emergency appeal: supplementary school feeding to the children in Gaza | — | 360 463 | (360 462) | 1 | (1) | (0) |
| 2009 emergency appeal: 2009 emergency appeal in the Gaza Strip and West Bank | — | 8 531 600 | (7 523 973) | 1 007 627 | — | 1 007 627 |
| 2009 emergency appeal in the West Bank | — | 100 402 | (16 769) | 83 633 | — | 83 633 |
| 2009 emergency appeal: emergency food distribution in the West Bank | — | 18 445 | — | 18 445 | — | 18 445 |
| 2009 emergency appeal: in support of the December 2008 emergency appeal for the West Bank and Gaza and the January 2009 Gaza quick response plan | — | 13 500 000 | (9 789 174) | 3 710 826 | — | 3 710 826 |
| 2009 emergency appeal in the West Bank: temporary job creation programme | — | 566 580 | (566 580) | 0 | (0) | (0) |
| 2009 emergency appeal: 2009 emergency appeal in the Gaza Strip and West Bank | — | 81 000 000 | (30 474 567) | 50 525 433 | — | 50 525 433 |
| 2009 emergency appeal: 2009 emergency appeal in the Gaza Strip and West Bank | — | 8 823 528 | (5 879 863) | 2 943 665 | — | 2 943 665 |
| 2009 emergency appeal: second round of emergency food aid for vulnerable refugee households in the West Bank | — | 703 235 | (20 622) | 682 613 | — | 682 613 |
| 2009 emergency appeal: improving the environmental health conditions in refugee camps in the West Bank | — | 88 757 | (34 883) | 53 875 | — | 53 875 |
| 2009 emergency appeal Feed the Fasting in Ramadan, West Bank | — | 249 991 | (227 541) | 22 450 | — | 22 450 |
| Emergency food programme, West Bank | — | 1 882 530 | — | 1 882 530 | — | 1 882 530 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Provision of urgent basic food commodities for the Palestinian people in Gaza | — | 1 349 963 | (1 379 957) | (29 994) | — | (29 994) |
| For the Gaza flash appeal | — | 1 488 095 | (1 636 242) | (148 147) | — | (148 147) |
| Gaza flash appeal 2009 — private contributions — sundry | — | 2 195 795 | (1 971 817) | 223 978 | — | 223 978 |
| Gaza flash appeal 2009 — emergency food aid | — | 3 000 000 | (2 167 138) | 832 862 | — | 832 862 |
| Gaza flash appeal: for food assistance; emergency health; temporary shelter and shelter repair; and fuel support | — | 5 000 000 | (207 004) | 4 792 996 | — | 4 792 996 |
| UNRWA flash appeal for Gaza | — | 2 461 034 | (2 461 034) | 0 | (0) | 0 |
| Gaza flash appeal 2009 UNRWA flash appeal for Gaza | — | 8 277 491 | (7 748 760) | 528 731 | — | 528 731 |
| Gaza flash appeal 2009 UNRWA flash appeal for Gaza | — | 1 000 000 | (756 553) | 243 447 | — | 243 447 |
| Gaza flash appeal 2009 rehabilitating, equipping and furnishing two UNRWA schools in the Gaza Strip and support to supplementary school feeding programme | — | 211 336 | — | 211 336 | — | 211 336 |
| Gaza flash appeal 2009 emergency cash assistance | — | 1 316 200 | (1 316 200) | (0) | 0 | (0) |
| Gaza flash appeal 2009 procurement of generators | — | 199 967 | (199 966) | 2 | (2) | 0 |
| Gaza flash appeal 2009 UNRWA flash appeal for Gaza | — | 423 729 | (131 809) | 291 920 | — | 291 920 |
| Gaza flash appeal 2009: procurement of food aid | — | 11 143 | — | 11 143 | — | 11 143 |
| Gaza flash appeal 2009 | — | 5 847 953 | (5 847 953) | 0 | (0) | (0) |
| Gaza flash appeal 2009 for implementing urgent relief assistance to provide food and fuel to Palestinian refugees in the Gaza Strip | — | 2 505 964 | (1 834 626) | 671 338 | — | 671 338 |
| Gaza flash appeal January 2009 | — | 1 227 621 | (1 534 527) | (306 906) | — | (306 906) |
| Gaza flash appeal 2009: non-food items | — | 220 815 | (220 718) | 98 | (98) | — |
| Procurement of blankets for the displaced population in Gaza | — | 12 000 | (11 925) | 75 | (75) | (0) |
| Procurement of food items | — | 20 000 | — | 20 000 | — | 20 000 |
| Procurement of medical items | — | 40 000 | (23 139) | 16 861 | — | 16 861 |
| Gaza flash appeal 2009 procurement of food | — | 49 966 | (49 965) | 1 | (1) | (0) |
| Gaza flash appeal 2009 | — | 7 512 | (4 033) | 3 478 | — | 3 478 |
| Gaza flash appeal 2009 emergency medical and food relief for displaced families | — | 103 273 | (2 812) | 100 461 | — | 100 461 |
| Gaza flash appeal 2009: medicine, medical supplies and food aid | — | 499 963 | (200 626) | 299 337 | — | 299 337 |
| Gaza flash appeal 2009 food aid in Gaza | — | 204 082 | (13 350) | 190 731 | — | 190 731 |
| Gaza flash appeal 2009 food/relief supplies | — | 44 920 | (13 099) | 31 821 | — | 31 821 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Gaza flash appeal 2009 procurement of electric generators | — | 199 970 | (199 970) | 0 | (0) | 0 |
| Gaza flash appeal 2009 | — | 25 000 | (25 000) | — | — | — |
| Gaza flash appeal 2009 | — | 120 000 | (120 000) | 0 | (0) | (0) |
| Gaza flash appeal 2009 — emergency shelter | — | 1 312 336 | (1 312 337) | (1) | 1 | (0) |
| Gaza flash appeal 2009 | — | 10 000 | (9 999) | 1 | (1) | 0 |
| Gaza flash appeal 2009: cash assistance | — | 1 278 772 | (1 278 772) | 1 | (1) | 0 |
| Gaza quick response plan 2009 emergency shelter and non-food assistance | — | 1 492 650 | (1 492 649) | 1 | (1) | (0) |
| Gaza flash appeal 2009 | — | 141 892 | (127 242) | 14 651 | — | 14 651 |
| Gaza quick response plan 2009 emergency cash assistance | — | 1 492 650 | (1 492 650) | — | — | — |
| Gaza quick response plan 2009 emergency fuel support to essential public service bodies | — | 497 550 | (497 550) | 0 | (0) | 0 |
| Gaza quick response plan 2009 | — | 131 234 | (131 234) | (1) | 1 | (0) |
| Gaza quick response plan 2009: food aid programme | — | 196 850 | (196 849) | 1 | (1) | (0) |
| Gaza quick response plan 2009 medical relief and food aid | — | 25 000 | (7 894) | 17 106 | — | 17 106 |
| Gaza quick response plan 2009 | — | 30 000 | (20 170) | 9 830 | — | 9 830 |
| Gaza quick response plan 2009 | — | 13 350 | (13 350) | — | — | — |
| Gaza quick response plan 2009: school feeding programme, Gaza | — | 38 363 | (38 363) | 0 | (0) | (0) |
| Gaza quick response plan 2009: school feeding programme, Gaza | — | 12 788 | (12 788) | (1) | 1 | 0 |
| Gaza quick response plan 2009 | — | 30 000 | (30 000) | — | — | — |
| Gaza quick response plan 2009 | — | 4 228 173 | (2 231 935) | 1 996 238 | — | 1 996 238 |
| Gaza quick response plan 2009 | — | 159 923 | (159 420) | 503 | — | 503 |
| Gaza quick response plan 2009 | — | 1 317 523 | (1 317 523) | 1 | (1) | (0) |
| Gaza quick response plan 2009 school feeding programme in Gaza | — | 7 673 | (7 673) | (0) | 0 | (0) |
| Gaza quick response plan 2009 $100,000: to support the emergency cash assistance element of the quick response plan, earmarked for special hardship cases and $250,000 to procure and distribute emergency pharmaceutical and medical supplies | — | 350 000 | (131 385) | 218 615 | — | 218 615 |
| Gaza quick response plan 2009 procurement of cooking sets and mats | — | 80 000 | (79 795) | 205 | — | 205 |
| Gaza quick response plan 2009 for the children of Gaza | — | 206 280 | (201 195) | 5 085 | — | 5 085 |
| Gaza quick response plan 2009 | — | 499 714 | (499 714) | 0 | (0) | (0) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Gaza quick response plan 2009 | — | 39 100 | (39 100) | — | — | — |
| Gaza quick response plan 2009 for the children in Gaza | — | 50 696 | (50 611) | 85 | (85) | 0 |
| Gaza quick response plan 2009 school feeding programme in Gaza | — | 340 136 | (340 135) | 1 | (1) | 0 |
| Gaza quick response plan 2009 school feeding programme in Gaza | — | 127 877 | (127 877) | 0 | (0) | (0) |
| Gaza quick response plan 2009 medical supplies for non-communicable disease in Gaza | — | 75 301 | (46 470) | 28 832 | — | 28 832 |
| Gaza quick response plan 2009 | — | 99 993 | (99 992) | 1 | (1) | 0 |
| Gaza quick response plan 2009: emergency food aid in Gaza | — | 6 588 | (6 587) | 1 | (1) | (0) |
| Gaza quick response plan 2009: emergency food aid and shelter/cash assistance in Gaza | — | 2 108 037 | (958 904) | 1 149 132 | — | 1 149 132 |
| Gaza quick response plan 2009 | — | 52 701 | (52 699) | 2 | (2) | 0 |
| Gaza quick response plan 2009: emergency food aid | — | 126 582 | (6 028) | 120 555 | — | 120 555 |
| Gaza quick response plan 2009 | — | 6 063 | (6 063) | 0 | (0) | (0) |
| Gaza quick response plan 2009: emergency job creation and cash assistance programmes in the Gaza Strip | — | — | (3 676 442) | (3 676 442) | — | (3 676 442) |
| Gaza quick response plan 2009: support to UNRWA community mental health programme (Gaza) | — | 395 124 | (395 124) | (0) | 0 | 0 |
| Gaza quick response plan 2009 educational support to Palestine schoolchildren in the Gaza Strip eye glasses and school feeding | — | 210 970 | (69 555) | 141 415 | — | 141 415 |
| Gaza quick response plan 2009 emergency rehabilitation and water and sanitation in Gaza | — | 1 394 700 | (992 900) | 401 800 | — | 401 800 |
| Gaza quick response plan 2009: summer games 2009 in Gaza | — | 1 406 470 | (1 406 470) | (0) | 0 | 0 |
| Gaza quick response plan 2009: shelter repairs in Gaza | — | 76 000 | (75 999) | 1 | (1) | 0 |
| Gaza quick response plan 2009 | — | 34 000 000 | (18 932 105) | 15 067 895 | — | 15 067 895 |
| Gaza quick response plan 2009 emergency food assistance | — | 648 200 | (648 200) | (0) | 0 | (0) |
| Gaza quick response plan 2009 emergency shelter repair and reconstruction | — | 3 511 236 | (3 511 236) | (0) | 0 | (0) |
| Gaza quick response plan 2009 emergency job creation programme in the Gaza Strip — 2009 | — | 16 432 440 | (6 349 532) | 10 082 908 | — | 10 082 908 |
| Gaza quick response plan 2009 Summer Games (sport) in Gaza | — | 22 504 | (28 121) | (5 618) | — | (5 618) |
| Gaza quick response plan 2009: to support Al Fakhora School in Gaza | — | 15 367 | (15 367) | (0) | 0 | 0 |
| Gaza quick response plan 2009: Summer Games | — | 30 000 | (30 000) | 0 | (0) | (0) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Gaza quick response plan 2009 | — | 31 925 | (31 925) | (0) | 0 | 0 |
| Gaza quick response plan 2009 for distribution to the poor families in Gaza | — | 19 774 | (19 774) | 0 | (0) | 0 |
| Gaza quick response plan 2009 supporting basic education in UNRWA schools in the Gaza Strip | — | 7 194 245 | (3 980 073) | 3 214 172 | — | 3 214 172 |
| Gaza quick response plan 2009 | — | 116 979 | (76 438) | 40 541 | — | 40 541 |
| Gaza quick response plan 2009 for Ramadan appeal | — | 250 000 | (250 000) | 0 | (0) | 0 |
| Gaza quick response plan 2009: support to UNRWA community mental health programme | — | 161 163 | (161 163) | (0) | 0 | 0 |
| Gaza quick response plan 2009: support to UNRWA community mental health programme | — | 18 072 | — | 18 072 | — | 18 072 |
| Gaza quick response plan 2009 job creation programme in Gaza | — | 161 163 | (107 376) | 53 787 | — | 53 787 |
| Gaza quick response plan 2009 | — | 42 842 | (42 842) | 0 | (0) | 0 |
| Gaza quick response plan 2009: support of seriously injured/disabled 52 breadwinners, Gaza Strip | — | 23 546 | (23 543) | 3 | (3) | 0 |
| Securing rapid emergency intervention scheme for families whose shelters sustained minor-moderate damages — phase 3 | — | 49 974 | (49 974) | — | — | — |
| Emergency food need in Gaza | — | 100 000 | — | 100 000 | — | 100 000 |
| Gaza quick response plan 2009 | — | 573 433 | — | 573 433 | — | 573 433 |
| Emergency rehabilitation and water and sanitation in Gaza | — | 1 506 024 | — | 1 506 024 | — | 1 506 024 |
| 2009 emergency appeal: food assistance in Gaza | — | 9 633 911 | — | 9 633 911 | — | 9 633 911 |
| 2009 emergency appeal: to alleviate the suffering of children in Gaza | — | 45 475 | — | 45 475 | — | 45 475 |
| 2010 emergency appeal: cash-for-work project in the West Bank | — | 4 816 956 | — | 4 816 956 | — | 4 816 956 |
| Liquidation of housing credits and accrual income | (39 603 339) | (13 464 020) | (13 688 654) | (27 152 674) | (10 262 763) | (77 018 775) |
| **Emergency appeal Gaza and West Bank total** | **6 427 618** | **475 847 214** | **(396 808 737)** | **79 038 477** | **(13 020 458)** | **72 445 638** |
| Emergency appeal for northern Lebanon (2007-2008): donation of food commodities to Lebanon appeal | — | 173 359 | (129 717) | 43 643 | — | 43 643 |
| Emergency appeal for northern Lebanon (2007-2008): in kind donation received from various NGOs, sundry donors | — | 4 622 089 | (4 622 089) | — | — | — |
| Liquidation of housing credits and accrual income, in kind donations | 3 544 586 | (3 544 587) | — | (3 544 587) | 1 | (0) |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| 2006 Lebanon flash appeal | 36 387 | — | (36 387) | (36 387) | (0) | (0) |
| Early recovery projects in Lebanon: emergency assistance to the Palestinian refugee camps in Lebanon | 475 144 | — | (475 091) | (475 091) | (53) | (0) |
| Early recovery projects in Lebanon: strengthening placement and career guidance units to enhance employment opportunities for Palestine refugees in Lebanon | 22 326 | — | (13 360) | (13 360) | (8 966) | (0) |
| Early recovery projects in Lebanon: psychosocial support and post-traumatic counselling for schoolchildren | 1 433 | — | — | — | (1 433) | (0) |
| Early recovery projects in Lebanon: organization's early recovery activities | 28 410 | — | — | — | (28 410) | 0 |
| 2006 Lebanon flash appeal (education) | 960 | — | — | — | (960) | — |
| Early recovery projects in Lebanon: adaptation of homes for disabled Palestine refugees | 167 322 | 3 716 | (171 037) | (167 321) | (1) | (0) |
| Early recovery projects in Lebanon: completing the process of mechanization of solid waste management | 248 875 | — | (248 797) | (248 797) | (78) | 0 |
| Early recovery projects in Lebanon: establishment of part-time health centres in Bar Elias and in Wadi El-Zeina | 95 930 | — | (95 880) | (95 880) | (50) | 0 |
| Early recovery projects in Lebanon: installation of four electric generators | 70 261 | — | (57 080) | (57 080) | — | 13 181 |
| Early recovery projects in Lebanon: skills training and apprenticeship for women, youth and disabled | 89 933 | — | (89 631) | (89 631) | — | 302 |
| Early recovery projects in Lebanon: replacement of Shatila health centre | 125 554 | — | (125 552) | (125 552) | (2) | 0 |
| Early recovery projects in Lebanon: school infrastructure new facilities reconstruction of Deir Yasin Bab El-Wad Schools in Tyre Area | 684 000 | — | (648 923) | (648 923) | — | 35 077 |
| Early recovery projects in Lebanon: upgrading premises of community-based organizations | 67 000 | — | (67 000) | (67 000) | (0) | — |
| Provision of specialist services by the community-based rehabilitation programme centre to Palestinian children with disabilities displaced from Nahr el-Bared, Lebanon | 89 000 | — | (88 999) | (88 999) | (1) | 0 |
| Early recovery projects in Lebanon: reaching out to Palestine refugees assessment | 100 845 | — | (98 818) | (98 818) | — | 2 027 |
| Early recovery projects in Lebanon: upgrading of laboratory equipment | 148 185 | — | (148 157) | (148 157) | (70) | (42) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Early recovery projects in Lebanon: staffing and capital costs items including transportation | 113 931 | — | (108 704) | (108 704) | — | 5 227 |
| Early recovery projects in Lebanon: VHF radio communication equipment and their lightning protection | 54 703 | — | (54 695) | (54 695) | (8) | — |
| Early recovery projects in Lebanon: supply of gas oil for water and sewage plants in camps | 58 276 | — | (47 401) | (47 401) | — | 10 875 |
| Early recovery projects in Lebanon: shelters and dwelling units feasibility study in central Lebanese area's camps, focused on Shatila and Bourj El Barajneh | 176 348 | — | (176 267) | (176 267) | (81) | (0) |
| Early recovery projects in Lebanon: Lebanon Palestine camps geographical information system | 215 500 | — | (210 612) | (210 612) | — | 4 888 |
| Reactivation of small business for Palestine refugee entrepreneurs from Nahr el-Bared Camp, Lebanon | — | — | (30 750) | (30 750) | 30 750 | — |
| 2007 Lebanon flash appeal | 200 542 | — | (200 541) | (200 541) | (1) | (0) |
| 2007 Lebanon flash appeal | 20 000 | — | (19 704) | (19 704) | — | 296 |
| 2007 Lebanon flash appeal: covering health needs during the emergency period in northern Lebanon areas | 262 760 | — | (265 173) | (265 173) | (13 686) | (16 099) |
| 2007 Lebanon flash appeal | 1 095 231 | — | (1 065 067) | (1 065 067) | — | 30 164 |
| 2007 Lebanon flash appeal: life-saving activities | 1 058 188 | — | (586 921) | (586 921) | (455 032) | 16 235 |
| 2007 Lebanon flash appeal | 10 000 | — | (10 000) | (10 000) | — | — |
| Emergency appeal for northern Lebanon (2007-2008): emergency shelter | 317 757 | 7 184 | (324 939) | (317 755) | (2) | (0) |
| Emergency appeal for northern Lebanon (2007-2008): emergency non-food items provision for displaced and/or returnee refugees | 2 647 | 802 | (3 449) | (2 647) | 1 | (0) |
| 2007 Lebanon flash appeal | 4 141 | — | (4 108) | (4 108) | (33) | 0 |
| 2007 Lebanon flash appeal: in support of the humanitarian assistance for Palestine refugees in Lebanon | — | 185 552 | (185 427) | 125 | — | 125 |
| Emergency appeal for northern Lebanon (2007-2008): emergency shelter and structures intervention for Nahr el-Bared | 1 775 758 | 387 378 | (2 173 469) | (1 786 091) | — | (10 333) |
| Emergency appeal for northern Lebanon (2007-2008) | 82 258 | 3 283 | (85 563) | (82 280) | 22 | (0) |
| 2007 Lebanon flash appeal | 527 220 | — | (527 220) | (527 220) | (0) | — |
| 2007 Lebanon flash appeal: to alleviate the worst effect of the crisis on the affected population of Nahr el-Bared camp in North Lebanon | 867 100 | — | (867 100) | (867 100) | (0) | 0 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| 2007 Lebanon flash appeal for immediate emergency needs for Palestinian refugees in northern Lebanon | 326 694 | — | (326 694) | (326 694) | 0 | (0) |
| Emergency appeal for northern Lebanon (1 September 2007-31 August 2008) | 6 279 906 | — | (6 268 089) | (6 268 089) | — | 11 817 |
| Emergency appeal for northern Lebanon (1 September 2007-31 August 2008 ) | 9 192 | — | (9 119) | (9 119) | (73) | 0 |
| Emergency appeal for northern Lebanon (1 September 2007-31 August 2008 ) | 1 756 536 | — | (1 746 709) | (1 746 709) | (5 565) | 4 262 |
| Emergency appeal for northern Lebanon (1 September 2007-31 August 2008) — Food Aid | 249 965 | — | (249 965) | (249 965) | (0) | — |
| Emergency appeal for northern Lebanon (2007-2008): relief, recovery and reconstruction management unit | 3 103 805 | — | (3 098 692) | (3 098 692) | — | 5 113 |
| Emergency appeal for northern Lebanon (2007-2008): towards the most pressing and appropriate needs over the next 12 months but not used for the purchase of food | 2 031 558 | — | (1 880 982) | (1 880 982) | — | 150 576 |
| Emergency appeal for northern Lebanon (2007-2008): food assistance for displaced Palestine refugees from Nahr el-Bared | 368 732 | — | (346 415) | (346 415) | (22 317) | 0 |
| Emergency appeal for northern Lebanon (2007-2008): emergency activities in Nahr el-Bared camp | 2 531 931 | 205 350 | (2 661 543) | (2 456 193) | — | 75 738 |
| Emergency appeal for northern Lebanon (2007-2008) | 4 800 | — | (4 781) | (4 781) | (19) | — |
| Emergency appeal for northern Lebanon (2007-2008): emergency education activities | 485 645 | 637 890 | (1 123 543) | (485 653) | 8 | (0) |
| Emergency appeal for northern Lebanon (2007-2008) | — | 25 756 | (25 675) | 81 | (81) | 0 |
| Emergency appeal for northern Lebanon (2007-2008) | 50 000 | — | (50 000) | (50 000) | (0) | — |
| Emergency appeal for northern Lebanon (2007-2008): temporary premises (pre-fabricated schools) for UNRWA activities in northern Lebanon | 983 430 | — | (975 528) | (975 528) | (7 902) | — |
| Emergency appeal for northern Lebanon (2007-2008) | 500 181 | — | (500 180) | (500 180) | (1) | (0) |
| Emergency appeal for northern Lebanon (2007-2008): economic empowerment for young graduates of vocational training courses through on-the-job apprenticeship initiative | 232 128 | — | (185 069) | (185 069) | — | 47 059 |
| Emergency appeal for northern Lebanon (2007-2008) | 280 000 | — | (279 944) | (279 944) | (56) | 0 |
| Emergency appeal for northern Lebanon (2007-2008): Financial Support for Palestinian Pupils from northern Lebanon affected by the conflict in Nahr el-Bared camp (consumable supplies) | — | 453 858 | (405 698) | 48 159 | (48 159) | (0) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit: Income | Surplus/deficit: Expenditure | Surplus/deficit: Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| Emergency appeal for northern Lebanon (2007-2008) — Denmark | 988 142 | — | (988 141) | (988 141) | (1) | — |
| Emergency appeal for northern Lebanon (2007-2008): rubble removal in the Nahr el-Bared camp and adjacent area | — | 1 512 853 | (1 512 853) | (1) | 1 | (0) |
| Emergency appeal for northern Lebanon (2007-2008): food assistance | — | 192 308 | (192 307) | 0 | (0) | (0) |
| Emergency appeal for northern Lebanon (2007-2008) | — | 2 027 000 | (2 027 000) | 0 | (0) | (0) |
| Establishment of a temporary health-care facility in northern Lebanon (2007-2008) | — | 556 100 | (485 744) | 70 356 | — | 70 356 |
| Cancelled | 205 350 | (205 350) | — | (205 350) | — | — |
| Reconstruction of Palestine refugee camp in Lebanon which contributes to conflict prevention and peacebuilding in Lebanon | — | 5 823 669 | (5 813 690) | 9 979 | — | 9 979 |
| Recovery and reconstruction of Nahr el-Bared camp and its adjacent area | — | 9 288 834 | (8 125 659) | 1 163 175 | — | 1 163 175 |
| Emergency appeal for northern Lebanon (2007-2008): for rental subsidies and the last semester university fees for students in university | — | 1 336 981 | (1 336 389) | 592 | — | 592 |
| Relief and early recovery appeal | — | 4 310 000 | (4 301 045) | 8 955 | — | 8 955 |
| Relief and early recovery appeal: to guarantee access to basic education, health and social services | — | 453 035 | (444 677) | 8 358 | — | 8 358 |
| Relief and early recovery appeal: emergency food assistance for displaced Palestine refugees from Nahr el-Bared camp, northern Lebanon | — | 1 008 582 | (1 005 626) | 2 956 | — | 2 956 |
| Relief and early recovery appeal: food item provision for the affected population of displaced Palestine refugees from Nahr el-Bared | — | 323 834 | (320 658) | 3 176 | (3 176) | 0 |
| Relief and early recovery appeal: water and sanitation infrastructure restoration and construction works in the adjacent area of Nahr el-Bared camp | — | 238 095 | (238 094) | 1 | (1) | (0) |
| Relief and early recovery appeal | — | 518 135 | (467 434) | 50 701 | — | 50 701 |
| Relief and early recovery appeal: solar panels for hot water to temporary shelters and collective centres | — | 131 234 | (128 782) | 2 451 | (2 451) | 0 |
| Relief and early recovery appeal: capacity-building for women and girls from Nahr el-Bared camp | — | 654 378 | (85 396) | 568 982 | — | 568 982 |
| Relief and early recovery appeal: provision of adequate shelter for displaced Palestine refugee families and support to Palestinian civil society | — | 5 759 551 | (6 744 248) | (984 698) | — | (984 698) |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Relief and early recovery appeal: to meet the basic humanitarian needs of Palestinian refugees in Nahr el-Bared camp | — | 250 000 | (202 157) | 47 843 | — | 47 843 |
| Relief and early recovery appeal: emergency relief assistance for displaced and returning families from Nahr el-Bared camp | — | 1 581 028 | (1 639 161) | (58 134) | — | (58 134) |
| Relief and early recovery appeal: construction of 149 temporary shelters at several plots in Nahr el-Bared camp, Lebanon | — | 399 991 | (100 793) | 299 198 | — | 299 198 |
| Relief and early recovery appeal: UNRWA relief appeal for Nahr el-Bared 2008-2010 in Lebanon | — | 1 597 444 | (1 234 917) | 362 527 | — | 362 527 |
| Relief and early recovery appeal: BPB Palestinian camps grant 2008/2009, Lebanon | — | 355 900 | (202 271) | 153 629 | — | 153 629 |
| Rubble removal in the Nahr el-Bared camp and adjacent areas | — | 1 404 494 | (1 326 260) | 78 234 | — | 78 234 |
| Relief and early recovery appeal for Nahr el-Bared camp, Lebanon: demining | — | 406 303 | — | 406 303 | — | 406 303 |
| Relief and early recovery appeal for Nahr el-Bared camp, Lebanon: additional support to Nahr El-Bared | — | 621 601 | (243 921) | 377 680 | — | 377 680 |
| Relief and early recovery appeal for Nahr el-Bared camp, Lebanon | — | 5 000 000 | (1 227 399) | 3 772 601 | — | 3 772 601 |
| Relief and early recovery appeal for Nahr el-Bared camp, Lebanon | — | 17 247 | — | 17 247 | — | 17 247 |
| Facilitating the reconstruction of Nahr el-Bared Palestine refugee camp and adjacent areas through the removal of surface and sub-surface unexploded ordnance contamination northern Lebanon area | — | 256 745 | — | 256 745 | — | 256 745 |
| Relief and early recovery appeal: sustainable hot water in UNRWA temporary accommodation for displaced Palestine refugees in northern Lebanon area, Lebanon | — | 485 699 | (799) | 484 900 | — | 484 900 |
| Liquidation of housing credits and accrual income | (2 176 352) | (1 818 090) | 1 385 191 | (432 898) | (154 142) | (2 763 392) |
| **Emergency situation in Lebanon total** | **31 050 154** | **47 649 229** | **(73 212 483)** | **(25 563 254)** | **(722 030)** | **4 764 869** |
| Staff costs for Junior Professional Officer, Associate Research/Reporting Officer in West Bank field office | — | 161 337 | (161 337) | — | — | — |
| Staff costs for Junior Professional Officer, Associate Monitoring and Evaluation Officer in headquarters (Amman) | — | 147 675 | (147 675) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Sae Osawa, Associate Programme Officer, Education Department in Jordan field office | — | 137 917 | (137 917) | — | — | — |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Staff costs for Junior Professional Officer, Research Officer at Gaza field office | — | 132 387 | (132 387) | — | — | — |
| Staff costs for Junior Professional Officer, External Relations and Projects Officer, External Relations Department — headquarters | — | 132 387 | (132 387) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Noemi Becerra, Associate Liaison Officer at UNRWA representative office in New York | — | 136 941 | (136 941) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Paz Fernandez Herrero, External Relations and Projects Officer at External Relations Department, headquarters Gaza — Jerusalem | — | 122 954 | (122 954) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Miho Kishitani, External Relations and Projects Officer at External Relations Department, headquarters Gaza — Jerusalem | — | 77 947 | (77 947) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Elham Allan Kryger, Associate Human Resources Officer (Gender), headquarters (Amman) | — | 102 613 | (102 613) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Amira Nitze Hassan, Junior Professional Officer in Jordan, Associate Special Assistant to the Director of UNRWA Operations, Jordan field office | — | 37 425 | (37 425) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Sonja Hemberg, Junior Professional Officer Special Assistant to the Director of UNRWA Operations in West Bank | — | 77 947 | (77 947) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Carmen Lloveres, Junior Professional Officer in Lebanon, Health Project Officer, Lebanon field office | — | 113 796 | (113 796) | — | — | — |
| Staff costs for Junior Professional Officer, Mr. Javier Castillo Alverez, Junior Professional Officer in Jordan, Associate Management Analyst Officer | — | 132 062 | (132 062) | — | — | — |
| Staff costs for Junior Professional Officer, Ms. Rea Bonzi, Junior Professional Officer in Jerusalem Associate Gender Officer | — | 88 800 | (88 800) | — | — | — |
| Liquidation of housing credits and accrual income | 4 191 | — | — | — | (4 191) | — |
| Technical assistance in education planning — in kind donation | 91 202 | — | (82 656) | (82 656) | — | 8 545 |
| UNRWA education management information system | 10 350 | — | (10 346) | (10 346) | (4) | 0 |
| Running Costs of the Existing 4 Kindergartens in Lebanon | 7 477 | 230 810 | (228 037) | 2 773 | — | 10 250 |
| Project manager for family files — refugees registration information system | 10 098 | — | (10 097) | (10 097) | (1) | (0) |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Junior Professional Officer, Marlene Arce Camp — Public Information and Project Officer | 2 562 | — | — | — | (2 562) | — |
| Construction and equipping Beit Jala and Bir Zeit Coeducation School in Saida Area | (28 652) | — | — | — | — | (28 652) |
| Scholarship fund for Palestine refugee women in Lebanon | 7 149 | 780 637 | (651 139) | 129 498 | — | 136 648 |
| Upgraded response access; one Legal Officer and one Administration Officer | 5 640 | — | — | — | — | 5 640 |
| Environmental and sanitation project, Gaza Strip and West Bank refugee camps | (1 126 735) | — | (141 843) | (141 843) | — | (1 268 578) |
| Water supply and sanitation in support of two Palestinian refugee camps Kan Danour/Khan Eshieh | 4 349 285 | 2 766 209 | (7 048 246) | (4 282 037) | — | 67 248 |
| Palestine refugees records project | 428 049 | — | (423 400) | (423 400) | — | 4 649 |
| Introduction of the 10th grade in UNRWA schools within Jerusalem municipal boundaries | — | — | 1 | 1 | (1) | 0 |
| Palestinian refugees registration project | (863 925) | 852 099 | (429 182) | 422 917 | 11 826 | (429 182) |
| Reconstruction of Rimal health centre, Gaza | (30 494) | 30 492 | — | 30 492 | 2 | (0) |
| Construction of additional classrooms at Deir Ammar boys' school, West Bank | (39 570) | 39 569 | — | 39 569 | 0 | (0) |
| Self-help shelter rehabilitation in the West Bank | (52 575) | 52 432 | — | 52 432 | — | (143) |
| Equipping and furnishing of a toy library at Jabalia women's training centre, Gaza | 2 712 | — | (2 709) | (2 709) | (2) | 0 |
| Neirab rehabilitation projects: phase I | 130 627 | — | (130 622) | (130 622) | (5) | 0 |
| Computer information technology initiative, phase V | 177 722 | — | (116 231) | (116 231) | — | 61 491 |
| Palestinian refugees registration project | 274 861 | 496 994 | (629 783) | (132 789) | — | 142 072 |
| Development of sport activities, purchase equipment and improve local sport infrastructure in refugee camps (Ramallah and Jericho) | 7 738 | — | (283) | (283) | — | 7 455 |
| Supporting UNRWA education programmes and activities with focus on higher education, Lebanon | 4 855 | — | — | — | — | 4 855 |
| Introduction of associate nursing course (Jordan field office) | 56 662 | 3 271 | (59 930) | (56 659) | (4) | 0 |
| Japan scholarship programme | 89 948 | 6 081 | (96 028) | (89 947) | (1) | 0 |
| Junior Professional Officer position in Lebanon projects office | 17 550 | — | — | — | (17 550) | — |
| Procurement of medical equipment for the Italian Hospital in Damascus | 170 | — | (169) | (169) | (1) | (0) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit: Income | Surplus/deficit: Expenditure | Surplus/deficit: Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| Palestine refugees registration project | 542 661 | — | (542 653) | (542 653) | (8) | (0) |
| Rehabilitation of Neirab Camp and Development of Ein El Tel camp programme, Syrian Arab Republic | 1 001 730 | 20 158 | (1 015 918) | (995 760) | — | 5 970 |
| Junior Officer position in West Bank, Field Officer/Reporting Officer | 31 697 | — | (6 189) | (6 189) | (25 507) | 0 |
| Junior Officer position in Syrian Arab Republic, Field Officer/Projects Officer | 23 312 | — | (8 357) | (8 357) | (14 955) | (0) |
| Palestine refugee records project | 132 364 | 342 047 | (426 265) | (84 218) | — | 48 146 |
| Junior Officer position in headquarters Amman, Logistics of Operations Technical Services, Direct Order Turnaround system | 230 | — | — | — | (230) | — |
| Junior Officer position in Jordan, Administration and Projects Officer | 7 843 | — | — | — | (7 843) | — |
| Construction and equipping of a science laboratory at Majdal school, Beddawi and provision of French teaching tools for 32 schools and the Siblin training centre | (100) | — | — | — | 100 | (0) |
| Computer bus project | 15 037 | 46 736 | (61 257) | (14 521) | — | 516 |
| Nimrin children's music centre, Syrian Arab Republic | 562 | 10 666 | (10 984) | (318) | — | 243 |
| Project management assistance and support for sustainable livelihoods components of the Neirab rehabilitation project (phase I) | 142 186 | — | (109 976) | (109 976) | (32 002) | 208 |
| New school building in Kan Dannoun construction of school complex in Homs/Syrian Arab Republic | 74 003 | 17 972 | (42 479) | (24 507) | (49 496) | 0 |
| Integrated early childhood/better parenting project | — | 14 138 | (14 138) | — | — | — |
| Japanese scholarship grant programme to Palestinian women for higher academic studies in Lebanon | 49 956 | 6 627 | (56 581) | (49 954) | (2) | 0 |
| Computers to Jabalia preparatory school | 316 | — | (274) | (274) | (42) | — |
| Procurement training | 211 939 | — | (45 641) | (45 641) | — | 166 297 |
| Junior Professional Officer position in Lebanon projects office | 21 985 | — | — | — | (21 985) | — |
| Poverty alleviation: skills training/apprenticeship scheme in the West Bank | (53 195) | — | (18 724) | (18 724) | — | (71 919) |
| Psychosocial support programme, West Bank | 1 229 854 | — | (1 210 224) | (1 210 224) | — | 19 631 |
| To UNRWA schools of Khan Younis and Ramallah in Lebanon | 1 091 | — | (1 172) | (1 172) | 82 | (0) |
| Savings and interest from completed funded projects | 7 387 | — | — | — | (7 387) | — |
| Savings and interest from completed funded projects | 49 118 | — | — | — | (49 118) | — |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Savings and interest from completed funded projects | 20 641 | — | — | — | — | 20 641 |
| Purchase equipment for the blind for RCVI, Gaza | (6 850) | 26 564 | (19 714) | 6 850 | (0) | — |
| Savings and interest from completed funded projects | 460 161 | — | — | — | — | 460 161 |
| Savings and interest from completed funded projects (USAID) | 384 090 | — | — | — | — | 384 090 |
| Equipping and furnishing a toy library at Rafah women's programme centre Gaza Strip | 7 750 | 2 104 | (7 942) | (5 838) | — | 1 913 |
| French school supervisor | 798 | — | (797) | (797) | (0) | 0 |
| Operations support officer programme, West Bank | 14 286 | — | — | — | (14 286) | 0 |
| Sustaining further development of conflict resolution, tolerance and basic human rights | 45 440 | — | (45 440) | (45 440) | (0) | (0) |
| Construction of water supply, sewerage and storm water drainage systems in El-Buss camp, Lebanon | 56 601 | — | (54 104) | (54 104) | (2 497) | 0 |
| Reconstruction of Beer Shiba Elementary Boys'/Deir Ammar Elementary Girls' School and Beer Shiba preparatory boys' school in Khan Eshieh camp (four schools, two buildings), Syrian Arab Republic | 228 047 | — | (228 045) | (228 045) | (2) | (0) |
| Replacement of Jalazone health centre, West Bank | 60 899 | — | (39 338) | (39 338) | (21 561) | (0) |
| Social workers training and certification in social services | 28 485 | — | (28 212) | (28 212) | — | 273 |
| Five computer laboratories in Jordan | 59 955 | — | (59 954) | (59 954) | (1) | 0 |
| Junior Professional Officer, External Relations and Projects Officer at External Relations Department, headquarters (Gaza) — Ms. Berangere Boell | 72 558 | 13 107 | (83 700) | (70 593) | 21 422 | 23 387 |
| Junior Professional Officer, Associate Office, West Bank field office — Mr. Marion Taupiac | 45 843 | — | — | — | (21 422) | 24 421 |
| Construction and furnishing of one home economics unit, two teachers' rooms, two stores and up to six rooms at Rafah preparatory "A" girls' school, Gaza | (212 430) | — | — | — | — | (212 430) |
| Japanese Junior Professional Officer fund | 526 | — | — | — | (526) | — |
| European Union university scholarships fund for Palestine refugees in Lebanon | 753 364 | — | (621 521) | (621 521) | — | 131 843 |
| Savings and interest from completed funded projects | 254 | — | — | — | — | 254 |
| Reconstruction of the Jalazone boys' school, phase 1, West Bank | 290 644 | 4 742 | (237 746) | (233 004) | (57 640) | (0) |
| Evaluations on the impact of global education courses, child-friendly schools and HIV/AIDS awareness projects | 182 | — | (182) | (182) | (0) | 0 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit | | | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| | | Income | Expenditure | Surplus/deficit | | |
| Establishment of legal advice bureaux at Marka camp and Aqaba, Jordan | 12 840 | 1 204 | (14 037) | (12 833) | (7) | (0) |
| Mother and child health-care services in the Jericho Area, West Bank | 3 601 | 686 | (4 287) | (3 601) | 0 | — |
| Reconstruction of Dera'a health centre, Syrian Arab Republic | (2 708) | 64 353 | (61 646) | 2 708 | 0 | 0 |
| Distribution of SHC rations and cash assistance in 2006 to the 392 Palestinians out of Iraq | 613 | — | — | — | — | 613 |
| Improve education of young Palestine refugees in Lebanon for better employment opportunities | 6 107 091 | 8 144 922 | (10 929 400) | (2 784 478) | — | 3 322 613 |
| Governance and empowerment of Palestinian refugees, Lebanon | 65 361 | 113 398 | (178 453) | (65 056) | — | 305 |
| Special Assistant to the Deputy Commissioner-General | 11 675 | — | — | — | (11 675) | (0) |
| Secretary of the Advisory Commission — External Relations | 12 954 | — | — | — | (12 954) | 0 |
| Construction of two additional classrooms at Kufr Kanna/Taitaba school, Dera'a camp, Syrian Arab Republic | — | — | (27) | (27) | 27 | — |
| Unmet needs of the blind/visually impaired and disabled children | 6 575 | — | (6 500) | (6 500) | (75) | (0) |
| Shelter rehabilitation of special hardship cases in the West Bank | (279 684) | 281 645 | — | 281 645 | — | 1 961 |
| Developing children's literature in 94 UNRWA schools in the West Bank | 24 219 | 23 936 | (18 030) | 5 906 | (30 125) | (0) |
| IUED/Louvain data collection survey — phase 1 | 119 735 | — | (97 089) | (97 089) | — | 22 646 |
| Camp development — Stuttgart University | (17 013) | 32 588 | (19 515) | 13 073 | — | (3 939) |
| Development of manuals and training programmes — Stuttgart University | 192 855 | 387 | (215 824) | (215 437) | — | (22 581) |
| Mainstreaming visually impaired Palestinian students in regular educational facilities in Lebanon | 10 666 | 5 000 | (15 656) | (10 656) | (11) | — |
| Equipping and furnishing a toy library at Beit Hanoun women's programme centre Gaza Strip | 4 671 | 4 630 | (9 282) | (4 651) | (20) | — |
| Junior Professional Officer position in UNRWA Policy Analysis Unit, headquarters Amman | 71 290 | — | (61 601) | (61 601) | — | 9 688 |
| Converting Nuseirat mother-child health clinic into a comprehensive health centre | 288 019 | — | — | — | — | 288 019 |
| Reconstruction and equipping of Jabalia health centre | 1 111 342 | — | (226 795) | (226 795) | — | 884 547 |
| Converting Fakhoura mother-child health clinic into a comprehensive health centre | 342 322 | — | — | — | — | 342 322 |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Reconstruction and equipping of Deir Al-Balah Elem A & B Boys' school — Gaza | (1 032 251) | 1 076 791 | (71 466) | 1 005 325 | — | (26 926) |
| Rehabilitation of Palestine refugees shelters in Gaza | (644 185) | — | (7 095) | (7 095) | — | (651 280) |
| Sustaining further development of conflict resolution, tolerance and basic human rights | 139 456 | — | (135 211) | (135 211) | — | 4 245 |
| Reconstruction of Khan Eshieh health centre, Syrian Arab Republic | 289 495 | — | (289 486) | (289 486) | (9) | 0 |
| Provision of computers for 7th, 8th, 9th, 10th grades (preparatory schools), Jordan | 61 054 | — | (61 053) | (61 053) | (1) | 0 |
| Construction and equipping of 12 classrooms at Khan Younis elementary A & C boys' school, Gaza | 25 529 | — | (25 518) | (25 518) | (10) | 0 |
| Construction, furnishing and equipping of additional education facilities of boys' school, West Bank | 115 344 | — | (57 229) | (57 229) | — | 58 116 |
| Scholarships for students in Jordan | 19 647 | 101 656 | (77 602) | 24 054 | — | 43 702 |
| Provision of furniture and equipment for Amman new camp preparatory girls' school 3 and 4 | 4 917 | — | (4 915) | (4 915) | (1) | — |
| Improving employability of Palestine refugees in Syrian Arab Republic | 1 072 571 | 1 603 908 | (2 120 961) | (517 052) | — | 555 519 |
| Assistant Gender Officer, Junior Professional Officer, headquarters (Amman) | 79 591 | — | (79 593) | (79 593) | 1 | (0) |
| Assistant Reporting and Information Officer (1st year) | 107 056 | 56 592 | (157 709) | (101 117) | — | 5 939 |
| Construction of Amman new camp girls' school, Jordan | 772 799 | 468 668 | (1 151 026) | (682 358) | (90 441) | (0) |
| University scholarships for Palestine refugees for higher academic studies, Lebanon | 304 984 | — | (170 708) | (170 708) | — | 134 277 |
| Construction of Sanour girls' school, West Bank | (184 892) | 804 427 | (880 657) | (76 230) | — | (261 122) |
| Reconstruction of Balata Preparatory Girls' School, West Bank | (453 815) | 1 005 814 | (813 819) | 191 995 | — | (261 820) |
| Projects for refugees at the Iraqi-Syrian border | 5 780 | — | (5 750) | (5 750) | — | 30 |
| Secretariat for the follow-up Committee for Employability for Palestine Refugees in Lebanon | 13 476 | — | (13 472) | (13 472) | (4) | 0 |
| Distribution of SHC rations and cash assistance in 2007 to the 392 Palestinians out of Iraq | 13 194 | — | 1 623 | 1 623 | — | 14 817 |
| Rapid skill training courses | 64 071 | — | (53 389) | (53 389) | (12 182) | (1 500) |
| Shelter rehabilitation in West Bank | 3 434 | — | (96) | (96) | — | 3 338 |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Construction and equipping of Nuseirat preparatory "D" and elementary boys' school | 771 513 | — | (12 146) | (12 146) | — | 759 366 |
| Construction and equipping of Khan Younis Preparatory "D" Girls' and Elementary coeducational school | (582) | — | (41 259) | (41 259) | — | (41 840) |
| Construction, furnishing and equipping of additional educational facilities at Tulkarem boys' school | 121 903 | — | — | — | — | 121 903 |
| Construction, furnishing and equipping of additional educational facilities at Tulkarem boys' school | 565 322 | — | (547 887) | (547 887) | — | 17 435 |
| Reconstruction of dilapidated Qalqilia boys' school | (5 423) | — | (931 189) | (931 189) | — | (936 612) |
| Reconstruction of dilapidated classrooms at Hebron boys' school | 631 849 | — | (593 934) | (593 934) | — | 37 915 |
| Construction, furnishing and equipping of additional educational facilities at Jenin boys' school | 525 824 | — | (505 178) | (505 178) | — | 20 646 |
| Construction, furnishing and equipping of additional educational facilities at Beit Jala coeducational school | 162 444 | — | (363 880) | (363 880) | — | (201 436) |
| Assistance to the Palestine refugees in Herash Camp, Jordan: local community development strategy designed and implemented | 657 764 | 1 324 341 | (1 903 011) | (578 670) | — | 79 094 |
| Assistance to the Palestine refugees in Herash Camp, Jordan: community-based organizations | 7 016 | 119 098 | (98 338) | 20 760 | — | 27 776 |
| Assistance to the Palestine refugees in Herash Camp, Jordan: urgent needs related to general living conditions | 140 628 | 175 192 | (46 916) | 128 276 | — | 268 904 |
| Assistance to the Palestine refugees in Herash Camp, Jordan: support activities | 14 539 | 57 754 | (35 236) | 22 517 | — | 37 056 |
| Expansion of Dera'a community-based rehabilitation centre, Syrian Arab Republic | 34 718 | — | (34 717) | (34 717) | (1) | (0) |
| Senior Liaison Officer position in UNRWA Representative Office in Geneva | 54 693 | 267 326 | (295 498) | (28 172) | — | 26 522 |
| University scholarships for registered Palestinian refugee students in all five UNRWA field locations | 35 460 | — | (34 402) | (34 402) | — | 1 058 |
| Improve UNRWA health, education and social development services provided at Sbeineh camp in Syrian Arab Republic field location | 1 167 101 | — | (1 167 096) | (1 167 096) | (4) | (0) |
| UNESCO — 2007 education (extra-curricular activities support for schools, support for students, travel and equipment) | 9 419 | — | (9 414) | (9 414) | (5) | 0 |
| Training of medical staff, Gaza Strip | 368 628 | — | (167 763) | (167 763) | — | 200 865 |
| Training of 75 kindergarten teachers on the skills of modern training curriculum, Syrian Arab Republic | 10 000 | — | (10 000) | (10 000) | — | — |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit<br>Income | Surplus/deficit<br>Expenditure | Surplus/deficit<br>Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| Developing the training curriculum related to children with disabilities, Syrian Arab Republic | 4 073 | — | (4 073) | (4 073) | (1) | (0) |
| Establishment of 8 kindergarten-Friends Counsels and supporting the already established 7 counsels, Syrian Arab Republic | 9 766 | — | (9 765) | (9 765) | (1) | 0 |
| Poverty alleviation: skills training/apprenticeship scheme in the West Bank | 11 376 | — | (42 656) | (42 656) | — | (31 279) |
| Product development and marketing outreach for UNRWA Sulafa embroidery project | 37 022 | — | (37 022) | (37 022) | — | — |
| Training for schools on the measures of child-friendly school, Syrian Arab Republic | — | 6 879 | (6 879) | 0 | (0) | (0) |
| Training for school counselors on the implementation of child-friendly school, Syria, on the measures of child-friendly school, Syrian Arab Republic | 4 899 | — | (4 899) | (4 899) | (0) | — |
| Training for school supervisors and teachers on alternative punishment, Syrian Arab Republic | 9 677 | (0) | (9 677) | (9 677) | (0) | 0 |
| Training for teachers on active learning at 10 schools, Syrian Arab Republic | 14 872 | — | (14 872) | (14 872) | (0) | 0 |
| Child Rights Club, Syrian Arab Republic | — | 10 288 | (10 288) | (0) | 0 | 0 |
| European Union university scholarship fund for Palestine refugees in Lebanon | 803 613 | 1 302 260 | (983 373) | 318 887 | — | 1 122 501 |
| Supporting the orphans and children with disability summer camp, Syrian Arab Republic | 1 129 | — | (1 128) | (1 128) | (1) | 0 |
| Construction, equipping and furnishing of Al-Faradeh/loura school at Sbeineh camp, Syrian Arab Republic | 375 226 | 329 151 | (696 414) | (367 264) | — | 7 963 |
| Shelter rehabilitation in the West Bank: repairing of 12 shelters in the Jalazone camp and reconstruction of 4 shelters in the Amari camp | (133 684) | 149 773 | (101) | 149 673 | — | 15 989 |
| Construction and equipping of a new school to replace Zarqa elementary girls' schools Nos. 1, 2 and 3 with one new school, Jordan | 1 479 407 | — | (1 273 358) | (1 273 358) | (129 234) | 76 815 |
| Shelter rehabilitation (reconstruction) for special hardship cases in Jordan | 553 134 | — | (654 052) | (654 052) | 122 915 | 21 997 |
| Expansion of Talbiyeh camp health centre, Jordan | 155 000 | — | (161 316) | (161 316) | 6 316 | (0) |
| Reconstruction of two schools at Sbeineh camp, Syrian Arab Republic | 642 155 | — | (634 097) | (634 097) | — | 8 058 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Reconstruction of two schools at Dera'a camp, Syrian Arab Republic | 822 600 | — | (792 131) | (792 131) | — | 30 469 |
| Sewage spill response at Um-Al-Nasser village in Gaza | 92 920 | — | 500 | 500 | — | 93 420 |
| Social workers' training and certification in social services, Jordan, Syrian Arab Republic, Lebanon and West Bank | 24 241 | — | (23 427) | (23 427) | — | 814 |
| Sustaining and further development of conflict resolution, tolerance and basic human rights teaching programme in UNRWA schools and other educational institutes | 284 716 | — | (257 537) | (257 537) | — | 27 178 |
| Rehabilitation of 6 shelters, West Bank | (20,160) | 22 074 | — | 22 074 | — | 1 914 |
| Shelter rehabilitation in the West Bank (repair of 17 shelters) | 17 186 | — | (2 444) | (2 444) | (14 742) | 0 |
| Reconstruction of 3 shelters in the Arroub camp, West Bank | 33 738 | — | (33 737) | (33 737) | (1) | (0) |
| Psychosocial support programme, West Bank | 181 622 | — | (181 201) | (181 201) | (1) | 420 |
| To cover the cost of purchasing some items for orphans and the disabled in the summer camp conducted in June in Kufr Seta village | (992) | 992 | — | 992 | (0) | 0 |
| World Refugee Day, Syrian Arab Republic | — | — | (35) | (35) | 35 | (0) |
| Two 2-day workshops on adolescents psycho-physical, emotional and social health in Syrian Arab Republic | — | 6 029 | (6 028) | 1 | (1) | (0) |
| Two 1-day Workshops on Breast feeding in Syria | 5 852 | — | (5 852) | (5 852) | 0 | 0 |
| Additional contribution towards rehabilitation of Neirab camp and development of Ein el Tal camp, Syrian Arab Republic | 2 233 038 | 64 521 | (2 043 417) | (1 978 896) | — | 254 142 |
| Junior Professional Officer Associate Officer (projects and research), Syrian Arab Republic | 81 637 | 289 301 | (251 947) | 37 354 | — | 118 991 |
| Dental prosthetic intervention in Al Tanf camp, Syrian Arab Republic | 1 845 | — | (1 843) | (1 843) | (2) | 0 |
| Additional contribution towards extension of phase 1 Neirab camp rehabilitation project in Syrian Arab Republic | 93 784 | — | (93 780) | (93 780) | (3) | 0 |
| Staff costs for Junior Professional Officer, Ms. Flavia Riccardo — Public Health Specialist, Epidemiologist, headquarters (Amman) | 92 043 | 114 649 | (203 771) | (89 122) | — | 2 920 |
| Staff costs for Junior Professional Officer, Ms. Giulia Pianigiani — Associate Expert, Monitoring and Evaluation Officer, West Bank | 103 940 | 192 258 | (254 387) | (62 129) | 25 508 | 67 320 |
| Training UNRWA and GAPAR teachers and supervisors on alternative punishment training of trainers | 4 402 | — | (4 402) | (4 402) | 0 | (0) |
| Shelter rehabilitation at Husseinieh camp, Syrian Arab Republic (repair and renovation works in 10 shelters) | 1 795 | 5 005 | (6 799) | (1 793) | (2) | (0) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Implementation of assistance programmes for Palestinian refugees from Iraq to Syrian Arab Republic | 110 644 | — | (110 607) | (110 607) | (37) | (0) |
| Training of women doctors on public health and management | 14 000 | — | — | — | — | 14 000 |
| Hazardous shelter rehabilitation in refugee camps in Syrian Arab Republic | 1 152 254 | — | (1 399 847) | (1 399 847) | — | (247 594) |
| Innovative solution for strategic improvement of Palestinian refugees camps | — | 1 641 586 | (640 499) | 1 001 087 | — | 1 001 087 |
| "I come from there and remember" commemoration photo exhibition | — | 19 981 | (19 985) | (5) | 5 | 0 |
| UNRWA gender initiative for Gaza, "Equality in Action" | 2 459 016 | — | (2 036 917) | (2 036 917) | — | 422 099 |
| Distribution of special hardship cases and cash assistance in 2008 to the Palestinians out of Iraq in Jordan | — | 53 629 | (50 417) | 3 212 | — | 3 212 |
| Utilization of the mother-child health Handbook for Improving Mother-Child Health in the West Bank and Gaza | — | 101 070 | (101 070) | 0 | (0) | 0 |
| Shelter rehabilitation in the West Bank | — | 506 956 | (506 956) | (1) | 1 | (0) |
| French Junior Professional Officer post in Lebanon field office | 149 994 | 117 317 | (168 318) | (51 001) | (13 243) | 85 750 |
| Prevention and protection from domestic violence in the Gaza Strip | — | 195 695 | (195 255) | 439 | (439) | (0) |
| Institutional capacity-building on psychosocial support, Jordan | 17 288 | — | (17 287) | (17 287) | (1) | 0 |
| Global youth tobacco survey | — | 10 000 | (9 999) | 1 | (1) | 0 |
| Staff costs for Mr. David Logi, Special Assistant to DUA in Lebanon | — | 388 991 | (302 638) | 86 353 | (72 432) | 13 921 |
| Staff costs for Junior Professional Officer, Mr. Atsuko Nishimoto, Associate Projects Officer in Lebanon | — | 263 254 | (228 150) | 35 104 | 526 | 35 630 |
| Establishment of a liaison office in Brussels | — | 62 889 | (60 209) | 2 680 | — | 2 680 |
| Activities for safe and stimulating school, Syrian Arab Republic | — | 7 300 | (7 300) | 0 | (0) | 0 |
| Remedial classes, Syrian Arab Republic | — | 60 000 | (60 000) | 0 | (0) | 0 |
| Upgrading the qualification of teachers, Syrian Arab Republic | — | 40 365 | (40 365) | 0 | (0) | 0 |
| Secretariat for the follow-up Committee for Employability of Palestine Refugees in Lebanon | — | 133 185 | (118 180) | 15 005 | — | 15 005 |
| UNESCO — 2007 education: policy formulation, planning, management, monitoring and evaluation of education systems and implementing quality education framework | — | 30 000 | (28 242) | 1 758 | — | 1 758 |
| UNRWA 1948 Commemoration Photo Exhibition | — | 17 839 | (17 698) | 141 | — | 141 |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| "I came from there and remember" photo exhibition | — | 15 000 | (14 937) | 63 | (63) | (0) |
| Urgent humanitarian assistance and relief to Palestinian refugees who have fled from Iraq to Syrian Arab Republic | — | 249 950 | (249 972) | (22) | 22 | (0) |
| Support the Kindergarten-Friends Counsels at 15 UNRWA kindergartens in the Syrian Arab Republic | — | 11 274 | (11 252) | 22 | (22) | (0) |
| Conduct seminars on the early diagnosis of sickle-cell anaemia and disability in UNRWA CBRCs in the Syrian Arab Republic | — | 6 934 | (6 933) | 1 | (1) | 0 |
| Training of 120 kindergarten teachers on creative thinking skills of children, Syrian Arab Republic | — | 10 000 | (9 999) | 1 | (1) | (0) |
| Conducting of 5 summer clubs for child protection in the Syrian Arab Republic | — | 12 766 | (12 766) | — | — | — |
| Nursing courses for Palestine refugees in Lebanon (2007-2008) | — | 30 000 | (30 000) | 0 | (0) | 0 |
| Neirab Camp rehabilitation project, Syrian Arab Republic | — | 2 027 575 | (1 056 148) | 971 427 | — | 971 427 |
| Training for schools on the measures of child-friendly school, Syrian Arab Republic | — | 17 445 | (17 445) | (0) | 0 | (0) |
| Training for 200 teachers on alternative punishment — Syrian Arab Republic | — | 9 067 | (9 067) | 1 | (1) | 0 |
| Training for 200 teachers on active learning — Syrian Arab Republic | — | 11 715 | (11 715) | — | — | — |
| Remedial classes — Syrian Arab Republic | — | 49 451 | (49 451) | 0 | (0) | 0 |
| Training on child protection principles — Syrian Arab Republic | — | 16 691 | (16 691) | 0 | (0) | (0) |
| One 2-day workshop on adolescents psycho-physical, emotional and social health, Syrian Arab Republic | — | 2 393 | (2 393) | 1 | (1) | (0) |
| Two 1-day workshops on infant and child growth monitoring, Syrian Arab Republic | — | 6 911 | (6 911) | 1 | (1) | (0) |
| Expansion of the training hall in the Al-Jalil health centre, Syrian Arab Republic | — | 7 739 | (7 739) | (0) | — | (0) |
| Comprehensive maintenance of two classrooms at Shatilla school premises to be used as a pre-medical education class and recreational hall, Lebanon | — | 40 000 | (39 350) | 650 | — | 650 |
| Printing postcards in commemoration of the 60th anniversary of Nakba | — | 3 000 | (2 271) | 729 | (729) | — |
| Result-based management training, Jordan | — | 5 000 | (5 000) | — | — | — |
| Procurement of medicines for the Kalandia camp, West Bank | — | 15 576 | — | 15 576 | — | 15 576 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit Income | Surplus/deficit Expenditure | Surplus/deficit Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| Rehabilitation for special hardship case refugees or those residing in structurally defective or derelict shelters in the West Bank, Palestine | — | 35 000 | (34 284) | 716 | — | 716 |
| Meeting community demands: reconstructing Yarmouk community development centre | — | 1 392 600 | (347 688) | 1 044 912 | — | 1 044 912 |
| Summer vocational and technical training for Iraqi Palestinian youth in Syrian Arab Republic | — | 44 983 | (44 366) | 618 | — | 618 |
| Summer camp activities for Palestinian Iraqi refugees and Palestine refugee orphans: three summer clubs and 2008 Kafr Sita summer camp in Tartous in Syrian Arab Republic | — | 27 191 | (27 191) | 0 | (0) | 0 |
| Enhancing development and participation of adolescents in the Palestinian refugee camps in Jordan | — | 79 831 | (79 829) | 2 | (2) | (0) |
| Improving education for Palestine refugee children in Yarmouk camp in the Syrian Arab Republic | — | 1 012 658 | (554 667) | 457 991 | — | 457 991 |
| Construction and equipping of a new school to replace Zarka preparatory boys' school No. 2 and Zarka elementary boys' school with one school, Jordan | — | 749 974 | (919 886) | (169 912) | — | (169 912) |
| Human rights, conflict resolution and tolerance education project | — | 299 922 | (216 125) | 83 797 | — | 83 797 |
| Procurement of equipment for health centres in Jordan | — | 95 347 | (84 745) | 10 602 | — | 10 602 |
| Expansion of Baqa'a and Husn health centres in Jordan | — | 1 394 160 | (1 048 844) | 345 316 | — | 345 316 |
| Neirab rehabilitation project phase 2 in Syrian Arab Republic | — | 1 800 380 | (58 463) | 1 741 917 | — | 1 741 917 |
| Relief assistance to Palestine refugees from Iraq in 2008 | — | 1 199 031 | (1 198 716) | 315 | — | 315 |
| Computer centres for girls and women in the Gaza Strip | — | 69 775 | (42 625) | 27 150 | — | 27 150 |
| Ariha children's music centre, Syrian Arab Republic | — | 3 859 | (3 752) | 107 | — | 107 |
| Ramalleh children's music centre, Syrian Arab Republic | — | 1 892 | (1 892) | (0) | 0 | (0) |
| Acre children's music centre, Syrian Arab Republic | — | 1 892 | (1 890) | 2 | (2) | (0) |
| Jish children's music centre, Syrian Arab Republic | — | 1 892 | (1 271) | 621 | — | 621 |
| Khaireyeh children's music centre, Syrian Arab Republic | — | 4 293 | (3 524) | 768 | — | 768 |
| Training workshops on career guidance in Damascus training centre and schools | — | 7 551 | (7 551) | 0 | (0) | (0) |
| Procurement of furniture and equipment for Msheirfeh health centre in Jordan | — | 50 000 | (41 323) | 8 677 | — | 8 677 |
| Two 5-day workshops on health-care quality assurance | — | 6 444 | (6 444) | 0 | (0) | (0) |
| Provision of eye glasses to schoolchildren in Gaza | — | 15 000 | (14 999) | 1 | (1) | 0 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Extention of UNRWA services to Palestinian refugees from Iraq, Syrian Arab Republic | — | 880 592 | (847 468) | 33 124 | — | 33 124 |
| Distribution of food parcels to special hardship cases during Ramadan in Gaza and implementation of Ramadan food (Iftar El-Saim) in Gaza | — | 137 427 | (136 550) | 877 | — | 877 |
| Ramadan Iftar 2008 — deprived families economic empowerment programme in Lebanon and the Syrian Arab Republic | — | 300 000 | (299 813) | 187 | — | 187 |
| University scholarships for registered Palestinian refugee students in all five UNRWA field locations | — | 225 000 | (171 693) | 53 307 | — | 53 307 |
| Neirab rehabilitation project — phase 2, Syrian Arab Republic — Galicia government, Spain | — | 184 424 | (142 695) | 41 729 | — | 41 729 |
| Neirab rehabilitation project — phase 2, Syrian Arab Republic — Basque country, Spain | — | 208 059 | (14 433) | 193 626 | — | 193 626 |
| Palestinian orphans sponsorship project in Gaza and the West Bank | — | 2 474 036 | (1 541 177) | 932 859 | — | 932 859 |
| Integrated support to Nahr el-Bared adjacent area project, Lebanon | — | 1 040 728 | (1 515 692) | (474 963) | — | (474 963) |
| Midterm strategy workshop — host authorities meeting in Damascus from 7 to 9 October 2008 | — | 25 100 | (22 005) | 3 095 | (3 095) | (0) |
| Conducting artistic activities serving child protection issues in targeted schools in the Syrian Arab Republic | — | 7 593 | (7 593) | 0 | (0) | 0 |
| Adolescents project manager relating to UNICEF-UNRWA adolescents joint activities in the Syrian Arab Republic | — | 16 462 | (4 122) | 12 340 | — | 12 340 |
| Expansion of the sewing production unit at the women's programme at Al-Husseinya Camp | — | 9 974 | (9 731) | 243 | — | 243 |
| Ramadan and Eid gift project: cash distribution to special hardship cases in the Gaza Strip | — | 256 536 | (256 536) | 0 | (0) | (0) |
| Staff costs for Ms. Bjork Hakansson, Public Information Officer, in the Syrian Arab Republic | — | 197 824 | (186 482) | 11 342 | — | 11 342 |
| To cover the cost of a contractor to draft a proposal for the "Israeli Committee" | — | 6 739 | (6 588) | 151 | — | 151 |
| Child protection activity in the Syrian Arab Republic | — | 13 051 | (13 051) | 1 | (1) | (0) |
| Provision of health services for Iraqi Palestinian refugees in the Syrian Arab Republic | — | 328 550 | (297 841) | 30 709 | — | 30 709 |
| Food aid for Gaza (procurement of fresh meat on the occasion of Eid El-Adha) | — | 184 881 | (179 358) | 5 523 | — | 5 523 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit |  |  | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
|  |  | Income | Expenditure | Surplus/deficit |  |  |
| Distribution of cash to the absolute poor families in Gaza ($50 per family) | — | 8 239 | (8 200) | 39 | (39) | (0) |
| UNRWA gender initiative for Gaza, "Equality in Action" | — | 329 513 | (99 264) | 230 249 | — | 230 249 |
| Implementation (utilization) of Mother-Child Health Handbook for the Improvement of Maternal and Child Health among Palestine Refugees in Jordan | — | 100 000 | (36 939) | 63 061 | — | 63 061 |
| Japanese University scholarship programme for Palestine refugee students in the Agency's five fields of operation | — | 200 000 | (88 579) | 111 421 | — | 111 421 |
| Community development support in Ruken Eddin in the Syrian Arab Republic | — | 13 250 | (15 118) | (1 868) | — | (1 868) |
| From relief to development — innovative solutions for strategic improvement of Palestinian refugee camps, phase II (Syrian Arab Republic, Jordan and West Bank) | — | 1 449 275 | (91 315) | 1 357 961 | — | 1 357 961 |
| Neirab rehabilitation project phase II, Syrian Arab Republic | — | 418 746 | (304 281) | 114 466 | — | 114 466 |
| Upgrade of UNRWA security arrangements/measures in Gaza | — | 716 332 | (716 332) | 1 | (1) | (0) |
| Financial aid for Eid al-Adha, Gaza | — | 298 057 | (298 057) | (0) | 0 | 0 |
| Implementation of a vocational project for both Iraqi and Palestinian refugees living in the Damascus area, Syrian Arab Republic | — | 87 840 | (87 838) | 1 | (1) | 0 |
| Expansion and upgrading of Jenin health centre, West Bank | — | 535 604 | (75 015) | 460 589 | — | 460 589 |
| Land improvement system for Ramallah men's training centre, West Bank | — | 38 000 | (42 517) | (4 517) | — | (4 517) |
| Institutional capacity-building on psychosocial support in Jordan | — | 41 323 | (31 557) | 9 766 | (9 012) | 754 |
| Emergency shelter relief assistance to Palestinian Iraqi refugees inside Syrian Arab Republic | — | 572 246 | (713 028) | (140 782) | — | (140 782) |
| Distribution of special hardship cases rations and cash assistance in 2009 to the 396 Palestinians out of Iraq in Jordan | — | 47 241 | (32 151) | 15 090 | — | 15 090 |
| Improvement of child health practices in UNRWA health centres, Jordan | — | 63 138 | (49 742) | 13 396 | (4 266) | 9 130 |
| Gender equality and women's empowerment in the occupied Palestinian territory (2008-2010) | — | 630 444 | (55 208) | 575 236 | — | 575 236 |
| UNRWA Hebrew language website | — | 68 005 | (31 281) | 36 725 | — | 36 725 |
| Nursing courses for Palestine refugees in Lebanon (2008-2009) | — | 30 675 | (30 675) | (0) | 0 | (0) |
| UNRWA advertisement spots at the Cannes film festival | — | 13 263 | (26 735) | (13 472) | — | (13 472) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit<br>Income | <br>Expenditure | <br>Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| Construction of a new school at the Malkiyyah school compound in Yarmouk camp in the Syrian Arab Republic | — | 1 200 000 | (411 871) | 788 129 | — | 788 129 |
| Camp rehabilitation and community development in Neirab camp which contributes to conflict prevention and peacebuilding in the Syrian Arab Republic | — | 3 977 506 | (23 316) | 3 954 190 | — | 3 954 190 |
| To cover the contract with the Oscar-nominated animator Yoni Goodman to produce a short animated film about UNRWA for the Agency's promotional purposes | — | 6 100 | (6 000) | 100 | (100) | (0) |
| 2009 education: monitoring achievement test, training, monitoring and evaluation, travel, extra-curricular activities, equipment and miscellaneous expenses | — | 30 000 | (7 916) | 22 084 | — | 22 084 |
| Cash to cover expenses related to in kind donation made for RSSD, Jordan | — | 900 | — | 900 | — | 900 |
| Urgent upgrading of the Rehabilitation Centre for Visually Impaired, Gaza | — | 511 754 | (145 135) | 366 618 | — | 366 618 |
| Schooling and Urgent Humanitarian Responses at Al Tanf and Al Hol Camps in Syrian Arab Republic | — | 500 000 | (258 301) | 241 699 | — | 241 699 |
| Khan Dannoun Camp Deep Well Works Project, Syrian Arab Republic | — | 39 982 | (39 979) | 3 | (3) | 0 |
| Support to Aida school in the West Bank | — | 68 027 | — | 68 027 | — | 68 027 |
| Training of trainers training workshop on implementing community-based initiatives | — | 46 162 | (28 987) | 17 175 | — | 17 175 |
| Evaluation child-friendly school and active learning in Syrian Arab Republic | — | 6 645 | (6 645) | — | — | — |
| Expanding of active learning in Syrian Arab Republic | — | 10 101 | (5 446) | 4 656 | — | 4 656 |
| Child participation in Syrian Arab Republic | — | 45 928 | (45 928) | (0) | — | (0) |
| Special needs support in Syrian Arab Republic | — | 29 908 | (29 898) | 10 | (10) | (0) |
| Summer clubs in Syrian Arab Republic | — | 62 706 | (62 706) | (0) | — | (0) |
| Humanitarian emergency response to Palestinian Iraqi refugees in al-Hol camp, Syrian Arab Republic | — | 219 975 | — | 219 975 | — | 219 975 |
| Summer vocational and technical training for Palestinian Iraqi refugee children and youth in Syrian Arab Republic | — | 45 000 | (44 974) | 26 | (26) | (0) |
| Summer camp and three summer clubs for Palestinian Iraqi refugees in Syrian Arab Republic | — | 28 538 | (28 536) | 1 | (1) | 0 |
| One week health education campaign in Syrian Arab Republic | — | 2 579 | (2 503) | 76 | (76) | 0 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit | | | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| | | Income | Expenditure | Surplus/deficit | | |
| Training on early detection of thalassemia in Syrian Arab Republic | — | 19 156 | (19 156) | (0) | — | (0) |
| Three-day training workshop on quality assurance in Syrian Arab Republic | — | 4 453 | (4 453) | — | — | — |
| Training on early detection of communicable diseases in Syrian Arab Republic | — | 5 979 | (3 931) | 2 048 | — | 2 048 |
| Training on support nutritional surveillance system in Syrian Arab Republic | — | 7 798 | (7 798) | — | — | — |
| Construction and equipping of elementary coeducational school in Beit Hanoun area in Gaza Strip | — | 1 000 000 | — | 1 000 000 | — | 1 000 000 |
| Construction and equipping of new health centre in Rafah, Gaza Strip | — | 1 000 000 | — | 1 000 000 | — | 1 000 000 |
| Organizational assessment of UNRWA education programme | — | 200 000 | (118 035) | 81 965 | — | 81 965 |
| Organizational assessment of UNRWA education programme | — | 143 885 | — | 143 885 | — | 143 885 |
| Review of UNRWA education programme | — | 79 966 | — | 79 966 | — | 79 966 |
| Establishment of kindergarten at Sarawat area — Al Husseinieh in Syrian Arab Republic | — | 7 500 | (2 328) | 5 172 | — | 5 172 |
| Support councils of kindergarten in Syrian Arab Republic | — | 10 970 | (5 000) | 5 970 | — | 5 970 |
| Raise awareness of kindergarten teachers about early childhood in Syrian Arab Republic | — | 5 443 | (5 443) | 0 | (0) | (0) |
| Teacher training college in Gaza | — | — | — | — | 737 463 | 737 463 |
| Construction of a cemetery near STC in Lebanon | — | 400 000 | (1 752) | 398 248 | — | 398 248 |
| Emergency access to hospitalization services, Lebanon | — | 726 744 | (51 633) | 675 111 | — | 675 111 |
| Reconstruction of Ras el-Ain school, Astral compound, Yarmouk, Syrian Arab Republic | — | 1 800 000 | — | 1 800 000 | — | 1 800 000 |
| Reconstruction of Amman new camp health centre in Jordan | — | 1 866 000 | — | 1 866 000 | — | 1 866 000 |
| Supporting the human rights education initiative at UNRWA schools across the Gaza Strip — the periodic incentive programme | — | 194 230 | (5 268) | 188 962 | — | 188 962 |
| UNRWA relief assistance: cash assistance for Palestinian Iraqis in the Damascus area | — | 957 000 | (369 796) | 587 204 | — | 587 204 |
| Feed the Fasting in Ramadan in the Gaza Strip | — | 99 982 | (99 691) | 291 | — | 291 |
| Support UNRWA Lebanon field office operations support officers special project | — | 947 567 | (197 815) | 749 752 | — | 749 752 |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Financing bakeries to distribute bread for poor families during Ramadan in Gaza | — | 261 966 | (252 900) | 9 066 | — | 9 066 |
| Construction, equipping and furnishing a new girls' school at Battir village in the West Bank | — | 399 964 | (3 631) | 396 333 | — | 396 333 |
| Feed the Fasting in Ramadan, Gaza Strip | — | 240 991 | (480 055) | (239 065) | — | (239 065) |
| 2009 emergency appeal: emergency kits for integrated emergency response to households at risk of displacement after livelihood destruction in C areas and Jerusalem periphery programme | — | 250 000 | — | 250 000 | — | 250 000 |
| Playgrounds for Gaza: pilot phase | — | 150 000 | — | 150 000 | — | 150 000 |
| To buy books for Izbet Beit Hanoun school in Gaza | — | 21 380 | — | 21 380 | — | 21 380 |
| United Nations joint programme conflict prevention and peacebuilding in northern Lebanon | — | 138 582 | — | 138 582 | — | 138 582 |
| Distribution of $300 to 1,729 special hardship case families in Gaza during Ramadan | — | 518 700 | (518 700) | — | — | — |
| For distribution to poor families in Gaza | — | 2 825 | — | 2 825 | — | 2 825 |
| UNRWA drama workshop in Lebanon | — | 15 682 | (13 343) | 2 339 | — | 2 339 |
| Mother and child health and nutrition activities to be conducted in the West Bank | — | 64 089 | (33 126) | 30 963 | — | 30 963 |
| Strengthening the EWAR Component of UNRWA Surveillance for Pandemic Response | — | 20 000 | (19 686) | 314 | — | 314 |
| Implementation (Utilization) of Mother-Child Health Handbook for Improvement of Maternal and Child Health among Palestine Refugees in Lebanon | — | 26 750 | — | 26 750 | — | 26 750 |
| Implementation (Utilization) of Mother-Child Health Handbook for Improvement of Maternal and Child Health among Palestine Refugees in Syrian Arab Republic | — | 37 500 | — | 37 500 | — | 37 500 |
| Global Fund-supported HIV Programme — Scaling-up universal access to prevention, treatment and care of HIV/AIDS in the occupied Palestinian territories | — | 33 399 | (16 332) | 17 066 | — | 17 066 |
| Building legal protection for Palestine refugee women, Syrian Arab Republic | — | 7 977 | (6 461) | 1 516 | — | 1 516 |
| To hire a temporary replacement for Junior Professional Officer, special assistance to DUA, Lebanon | — | — | (10 721) | (10 721) | 72 432 | 61 711 |
| Emergency initiative for Palestinian refugees in Lebanon | — | 13 000 | (10 757) | 2 243 | — | 2 243 |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Training workshop on the appropriate use of health services by adolescents, Syrian Arab Republic | — | 4 982 | (2 000) | 2 982 | — | 2 982 |
| Cancelled | — | 16 584 | — | 16 584 | — | 16 584 |
| Pandemic influenza preparedness for Palestine refugees in Lebanon | — | 99 510 | (16 007) | 83 503 | — | 83 503 |
| UNRWA Gaza field office security arrangements | — | 879 508 | (304 416) | 575 091 | — | 575 091 |
| Provision of maternal health care and family planning and surveillance of family health indicators | — | 9 550 | (5 569) | 3 981 | — | 3 981 |
| Facilitators of HDM Partnership Working Groups | — | 39 199 | (38 460) | 739 | — | 739 |
| Promoting employability of Iraqi and Palestinian refugee youth in Syrian Arab Republic as part of UNRWA engaging youth initiative | — | 496 631 | — | 496 631 | — | 496 631 |
| Emergency shelter relief assistance to Palestinian Iraqi refugees inside Syrian Arab Republic, phase 2 | — | 602 410 | (151 067) | 451 343 | — | 451 343 |
| Printing the Mother-Child Health Handbook for Lebanon | — | 3 000 | — | 3 000 | — | 3 000 |
| Child protection programme at UNRWA schools in Jordan (Man'an Campaign to Reduce Violence in Schools) | — | 10 030 | (10 027) | 3 | (3) | 0 |
| Eid El-Adha donation for poor families in Gaza | — | 54 433 | (45 072) | 9 361 | — | 9 361 |
| Organizational assessment of UNRWA education programme | — | 75 301 | — | 75 301 | — | 75 301 |
| Cash to poor special hardship case families in advance of Eid El-Adha in Lebanon | — | 387 000 | (363 422) | 23 578 | — | 23 578 |
| Global Peace Games in Syrian Arab Republic | — | 9 197 | (9 197) | 0 | — | 0 |
| Implementation of a vocational project for both Iraqi and Palestinian refugees living in the Damascus area, Syrian Arab Republic | — | 75 165 | — | 75 165 | — | 75 165 |
| Enhancing development and participation of adolescents in the Palestinian refugee camps in Jordan | — | 34 158 | — | 34 158 | — | 34 158 |
| Enhancing development and participation of adolescents in the schools in the Palestinian refugee camps, Jordan, activation of student parliaments and parent-teacher associations — phase 2 | — | 38 081 | — | 38 081 | — | 38 081 |
| Prevention of domestic violence in the Gaza Strip — education and training | — | 247 590 | — | 247 590 | — | 247 590 |
| Implementation of HIV-prevention activities in the refugee camps in the West Bank | — | 31 900 | — | 31 900 | — | 31 900 |
| Indirect lending for community-based organizations, Aqbet Jaber Women's centre and Arroub community-based rehabilitation centre, WB | — | 4 000 | — | 4 000 | — | 4 000 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit<br>Income | <br>Expenditure | <br>Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| Liquidation of HCs and accrual income | (8 936 222) | (18 641 716) | 12 579 205 | (6 062 511) | 6 821 108 | (8 177 625) |
| **Post-1999 projects total** | **26 463 462** | **55 231 320** | **(62 876 450)** | **(7 645 130)** | **7 063 833** | **25 882 165** |
| Microfinance microcredit programme | (6 645 446) | 12 158 407 | (10 083 265) | 2 075 142 | — | (4 570 304) |
| **Microfinance and microenterprise programme total** | **(6 645 446)** | **12 158 407** | **(10 083 265)** | **2 075 142** | — | **(4 570 304)** |
| Rehabilitation of Palestine refugees' shelters in the Gaza Strip | 5 463 402 | — | (299 035) | (299 035) | — | 5 164 366 |
| Restructuring Khan Younis refugee camp construction of 231 dwelling units | 3 330 769 | — | (97 036) | (97 036) | — | 3 233 733 |
| Khan Younis camp sewerage works | 1 330 436 | — | — | — | — | 1 330 436 |
| Shelter rehabilitation activities (materials, wages management) | 1 509 474 | — | (193 834) | (193 834) | — | 1 315 639 |
| Construction and extension of the Khan Younis training centre in South Gaza | — | — | (0) | (0) | 0 | — |
| Liquidation of HCs and accrual income | (11 707 429) | — | 6 281 480 | 6 281 480 | — | (5 425 949) |
| **Disengagement projects in Gaza total** | **(73 349)** | — | **5 691 574** | **5 691 574** | **0** | **5 618 225** |
| Projects in Lebanon under the CII | 2 426 680 | — | (1 952 470) | (1 952 470) | — | 474 209 |
| Water supply/sewerage/storm water drainage in Shatila camp Lebanon | 2 401 363 | — | (1 059 468) | (1 059 468) | — | 1 341 894 |
| Shelter rehabilitation project in southern Lebanon | 297 515 | — | (297 513) | (297 513) | (2) | 0 |
| Upgrading UNRWA telecommunication infrastructure in Lebanon | 383 535 | — | (240 630) | (240 630) | — | 142 904 |
| UNRWA Lebanon camp improvement programme | 803 992 | 47 513 | (660 826) | (613 313) | — | 190 680 |
| Shelter rehabilitation — Lebanon camp improvement initiative | 55 542 | 552 | (56 088) | (55 536) | (6) | 0 |
| Reactivation of totally damaged businesses of Palestinian entrepreneurs, Lebanon | 33 946 | — | (33 946) | (33 946) | (0) | (0) |
| Construction of multi-purpose building at Beddawi camp — Lebanon | 184 506 | — | (184 233) | (184 233) | (273) | 0 |
| E-Health — phase I: modernization of Lebanon field health statistical reporting systems and processes and piloting health clinic automation | 579 824 | — | (310 594) | (310 594) | (253 792) | 15 438 |
| Early intervention units for persons with disabilities | 230 000 | — | (211 591) | (211 591) | 162 085 | 180 494 |
| Rehabilitation services for Palestinian refugees with disabilities | 71 333 | — | (71 333) | (71 333) | (0) | 0 |
| Capacity-building of Palestine refugee youth clubs and centres | 219 149 | — | (57 065) | (57 065) | (162 084) | 0 |

| *Funds/projects* | *Balance as at 1 January 2008* | *Surplus/deficit* | | | *Prior-year's adjustments* | *Fund balance as at 31 December 2009* |
|---|---|---|---|---|---|---|
| | | *Income* | *Expenditure* | *Surplus/deficit* | | |
| Early detection and management of cervical cancer and breast cancer among vulnerable Palestinian refugees | 328 483 | — | (144 237) | (144 237) | — | 184 246 |
| Establishment of half-time health centre in Kfar Bada, Tyre area | 153 746 | — | (102 375) | (102 375) | — | 51 371 |
| Establishment of central ophthalmic clinic in each of the five areas in Lebanon | 194 080 | — | (193 805) | (193 805) | — | 275 |
| Establishment of a clinical laboratory at Nabatieh health centre | 53 835 | — | (36 951) | (36 951) | — | 16 884 |
| Establishment of two mobile dental clinics | 348 540 | — | (250 343) | (250 343) | — | 98 197 |
| Improvement of environmental health infrastructure in Beirut camps in Lebanon | 713 864 | — | (205 863) | (205 863) | — | 508 001 |
| Establishment of a vocational training centre in northern Lebanon area | — | 2 253 506 | (1 589 042) | 664 464 | (569 587) | 94 877 |
| Constructing and rehabilitating shelters in southern Lebanon | — | — | (249 995) | (249 995) | — | (249 995) |
| Improving sustainable agriculture for Palestine refugee camps and gatherings in southern Lebanon | — | — | (66 080) | (66 080) | — | (66 080) |
| Rehabilitation of shelters in Burj el Shemali camp, Lebanon | — | 999 991 | (569 761) | 430 230 | — | 430 230 |
| Construction of water infrastructure in Palestine refugee camps, Lebanon | — | 500 000 | (1 425) | 498 575 | — | 498 575 |
| E-Health — phase II: establishing a statistical health information system for Lebanon accessed by 29 health clinics, Lebanon field office and UNRWA headquarters, Amman | — | — | — | — | 253 792 | 253 792 |
| Liquidation of HCs and accrual income | 508 538 | — | (6 173 718) | (6 173 718) | (1 281 341) | (6 946 521) |
| **Camp improvement initiative in Lebanon total** | **9 988 471** | **3 801 562** | **(14 719 351)** | **(10 917 789)** | **(1 851 209)** | **(2 780 528)** |
| Microcredit community support programme, Agency-wide — running costs | 508 457 | 413 286 | (750 394) | (337 107) | (2 727) | 168 623 |
| Microcredit community support programme, West Bank (Prefix K1) | 22 174 | 110 | (7 586) | (7 475) | — | 14 699 |
| Microcredit community support programme related to self-supporting projects grants funded from General Fund | 3 944 | — | — | — | — | 3 944 |
| RSSD Microcredit Community Support Programme | 208 672 | 291 611 | (89 199) | 202 412 | — | 411 083 |
| Liquidation of HCs and accrual income | (7 513) | — | 7 197 | 7 197 | 28 | (288) |
| **Microcredit community support programme total** | **735 734** | **705 008** | **(839 982)** | **(134 974)** | **(2 699)** | **598 061** |
| Support of the humanitarian assistance for Palestinian refugees in Lebanon | — | 614 599 | (109 300) | 505 299 | — | 505 299 |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit | | | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| | | Income | Expenditure | Surplus/deficit | | |
| Nahr el-Bared refugee camp reconstruction, Lebanon | — | 1 347 709 | (54 806) | 1 292 903 | — | 1 292 903 |
| Reconstruction of Nahr el-Bared refugee camp in Lebanon | — | 883 432 | (9 095) | 874 337 | — | 874 337 |
| Reconstruction of Nahr el-Bared refugee camp in Lebanon | — | 23 500 000 | (5 542 319) | 17 957 681 | — | 17 957 681 |
| Reconstruction of Nahr el-Bared refugee camp in Lebanon | — | 998 004 | (1 553) | 996 451 | — | 996 451 |
| Recovery and reconstruction of Nahr el-Bared in Lebanon | — | 1 999 975 | — | 1 999 975 | — | 1 999 975 |
| Nahr el-Bared recovery and reconstruction appeal | — | 1 772 686 | (250 215) | 1 522 470 | — | 1 522 470 |
| Recovery and reconstruction of Nahr el-Bared refugee camp | — | 653 637 | (176 850) | 476 788 | — | 476 788 |
| Recovery and reconstruction of Nahr el-Bared refugee camp: construction of 167 residential and 39 non-residential units, associated on-site infrastructure and temporary wastewater overflow system | — | 3 090 619 | (185 537) | 2 905 082 | — | 2 905 082 |
| Recovery and reconstruction of Nahr el-Bared refugee camp | — | 139 240 | (9 071) | 130 169 | — | 130 169 |
| Reconstruction of Nahr el-Bared refugee camp in Lebanon | — | 25 000 000 | — | 25 000 000 | — | 25 000 000 |
| Rubble removal | — | 1 000 000 | (1 000 000) | — | — | — |
| Liquidation of HCs and accrual income | — | — | (16 126 613) | (16 126 613) | — | (16 126 613) |
| **Naher El-Bared refugee camp total** | — | **60 999 901** | **(23 465 358)** | **37 534 542** | — | **37 534 542** |
| UNRWA at 60: To provide a video camera and computer for each leaving class in all 400 UNRWA preparatory and secondary schools | — | 12 000 | (12 000) | — | — | — |
| UNRWA at 60: expert seconded by the Government of Switzerland: Director, 60th Anniversary | — | 315 907 | (315 907) | — | — | — |
| Development and commissioning of a school of Nursing B | 39 687 | — | — | — | — | 39 687 |
| WPC-health and education West Bank | 17 069 | — | — | — | — | 17 069 |
| Expansion of Qalqilia hospital in the West Bank | 12 093 | — | — | — | — | 12 093 |
| Replacement of dilapidated blocks at Arroub boys' school | 2 997 | — | — | — | — | 2 997 |
| Rehabilitation of roads at Siblin training centre | 138 | — | — | — | — | 138 |
| Construction and equipping of additional classrooms/canteens at preparatory schools in Gaza | 136 534 | — | — | — | — | 136 534 |
| Construction of additional classrooms at Dheisheh girls' school in the West Bank | 122 611 | — | (109 275) | (109 275) | — | 13 337 |
| Liquidation of HCs and accrual income | (115 314) | — | 115 314 | 115 314 | — | — |
| Specialist to undertake the development of the workplan under the UNRWA at 60 | — | 20 000 | (20 000) | — | — | — |
| UNRWA at 60: WolfGroup Consultants | — | 18 406 | (18 406) | 0 | (0) | (0) |

| Funds/projects | Balance as at 1 January 2008 | Surplus/deficit<br>Income | <br>Expenditure | <br>Surplus/deficit | Prior-year's adjustments | Fund balance as at 31 December 2009 |
|---|---|---|---|---|---|---|
| Cover the cost of the living expenses for Mr. Przemek Szwadzki, who will be working on UNRWA at 60 | — | 23 027 | (21 109) | 1 918 | — | 1 918 |
| Global allocation for UNRWA 60th anniversary commemoration | — | 238 727 | (160 191) | 78 536 | — | 78 536 |
| Fresh Air Radio | — | 250 000 | (81 592) | 168 408 | — | 168 408 |
| UNRWA at 60, Marcel Khalifa concert, Vienna | — | — | (56 893) | (56 893) | — | (56 893) |
| Development television project | — | 158 436 | (155 146) | 3 290 | — | 3 290 |
| UNRWA at 60: to cover certain promotional expenses and some technical costs related to the football event in Brussles | — | 10 000 | — | 10 000 | — | 10 000 |
| UNRWA at 60: Commemoration of the 60th anniversary of UNRWA establishment by the General Assembly | — | 65 000 | (64 878) | 122 | — | 122 |
| UNRWA at 60: the Blue Balloon Mobile, Spreading the word | — | 3 000 | (2 838) | 162 | — | 162 |
| UNRWA at 60: to cover the two phases of training for the video taking and the installation of the computers, procurement of 376 UNRWA standard PCs and UPS for 92 PCs for the annual UNRWA online yearbook | — | 260 040 | (2 391) | 257 649 | — | 257 649 |
| Liquidation of HCs and accrual income | — | — | (265 507) | (265 507) | — | (265 507) |
| **Other projects total** | **215 815** | **1 374 543** | **(1 170 818)** | **203 725** | **(0)** | **419 540** |
| **Projects total** | **61 734 841** | **181 919 968** | **(180 676 133)** | **1 243 835** | **4 487 895** | **67 466 571** |
| **Non-regular budget total** | **68 162 459** | **657 767 183** | **(577 484 870)** | **80 282 312** | **(8 532 563)** | **139 912 209** |
| **Total all funds** | **112 025 259** | **1 712 535 371** | **(1 578 888 714)** | **133 646 657** | **(10 304 822)** | **235 367 095** |

## Appendix 4

### Donor contributions and outstanding confirmed pledges for the biennium 2008-2009

(in United States dollars)

| | | *Regular budget funds* | | | | *Non-regular budget funds* | | | |
|---|---|---|---|---|---|---|---|---|---|
| *Biennium 2006-2007* | *Donor* | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* | *Emergency appeal* | *Projects* | *Total* | *Grand total* |
| | **Governments** | | | | | | | | |
| 20 382 704 | Australia | 11 631 580 | (3 180 661) | — | 8 450 919 | 11 458 151 | 1 683 045 | 13 141 196 | 21 592 115 |
| 5 785 368 | Austria | 2 221 755 | — | — | 2 221 755 | 5 082 967 | 71 556 | 5 154 523 | 7 376 277 |
| 80 000 | Bahrain | 100 000 | (50 000) | — | 50 000 | — | — | — | 50 000 |
| 9 760 716 | Belgium | 2 688 355 | 1 762 505 | — | 4 450 860 | 6 145 103 | 2 980 236 | 9 125 338 | 13 576 199 |
| 55 578 603 | Canada | 14 749 377 | 2 014 099 | — | 16 763 476 | 28 102 135 | 2 043 277 | 30 145 411 | 46 908 887 |
| 15 000 | Chile | 30 000 | — | — | 30 000 | — | — | — | 30 000 |
| 159 985 | China | 160 000 | — | — | 160 000 | — | — | — | 160 000 |
| 6 505 | Colombia | 12 500 | — | — | 12 500 | — | — | — | 12 500 |
| 138 060 | Cyprus | — | 76 479 | — | 76 479 | — | 139 240 | 139 240 | 215 719 |
| 324 411 | Czech Republic | 405 986 | — | — | 405 986 | 237 169 | 77 551 | 314 720 | 720 706 |
| 27 685 326 | Denmark | 28 461 956 | 391 389 | — | 28 853 346 | 6 689 351 | 2 596 395 | 9 285 747 | 38 139 092 |
| 20 000 | Egypt | — | 10 000 | — | 10 000 | — | — | — | 10 000 |
| 12 170 917 | Finland | 9 284 228 | 1 443 000 | — | 10 727 228 | 4 401 680 | 225 115 | 4 626 794 | 15 354 022 |
| 24 743 522 | France | 16 171 787 | 4 977 542 | — | 21 149 329 | 1 982 007 | 626 008 | 2 608 015 | 23 757 344 |
| 19 167 433 | Germany | 21 367 615 | — | — | 21 367 615 | 3 454 107 | 7 018 560 | 10 472 667 | 31 840 282 |
| 1 919 617 | Greece | 60 000 | — | — | 60 000 | — | 2 069 775 | 2 069 775 | 2 129 775 |
| 40 000 | Holy See | 40 000 | — | — | 40 000 | — | — | — | 40 000 |
| 353 022 | Iceland | 700 000 | — | — | 700 000 | 50 000 | 636 815 | 686 815 | 1 386 815 |
| 40 000 | India | 1 040 000 | — | — | 1 040 000 | 1 000 000 | — | 1 000 000 | 2 040 000 |
| — | Indonesia | 20 000 | 10 000 | — | 30 000 | — | — | — | 30 000 |
| 9 433 457 | Ireland | 11 302 097 | — | — | 11 302 097 | 1 317 523 | 75 301 | 1 392 824 | 12 694 921 |
| 14 416 920 | Italy | 17 355 969 | 1 474 926 | — | 18 830 895 | 5 013 761 | 3 114 799 | 8 128 560 | 26 959 455 |
| 28 910 503 | Japan | 8 142 541 | 9 566 697 | — | 17 709 238 | 3 027 194 | 10 775 735 | 13 802 929 | 31 512 167 |
| 1 392 982 | Jordan | — | — | 925 834 | 925 834 | — | — | — | 925 834 |
| 3 999 958 | Kuwait | 5 499 958 | (1 500 000) | — | 3 999 958 | 34 000 000 | — | 34 000 000 | 37 999 958 |

| | | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| Biennium 2006-2007 | Donor | Regular budget unearmarked funds | Regular budget earmarked funds | In kind | Total | Emergency appeal | Projects | Total | Grand total |
| 65 702 | Liechtenstein | 145 963 | — | — | 145 963 | — | — | — | 145 963 |
| 4 831 854 | Luxembourg | 9 266 840 | (0) | — | 9 266 840 | 715 308 | 65 000 | 780 308 | 10 047 148 |
| 25 000 | Malaysia | 25 000 | — | — | 25 000 | 250 000 | — | 250 000 | 275 000 |
| 1 000 | Maldives | — | 1 000 | — | 1 000 | — | — | — | 1 000 |
| — | Malta | — | — | — | — | 28 544 | 31 600 | 60 144 | 60 144 |
| 5 000 | Mexico | 10 000 | — | — | 10 000 | — | — | — | 10 000 |
| 10 000 | Monaco | 16 999 | — | — | 16 999 | — | — | — | 16 999 |
| 39 291 259 | Netherlands | 43 013 189 | — | — | 43 013 189 | 14 776 528 | 2 278 255 | 17 054 783 | 60 067 972 |
| 2 146 363 | New Zealand | 1 350 500 | — | — | 1 350 500 | 403 800 | — | 403 800 | 1 754 300 |
| 61 879 390 | Norway | 63 478 674 | 39 112 | 969 | 63 518 755 | 7 370 448 | 3 161 325 | 10 531 774 | 74 050 529 |
| 25 000 | Oman | 50 000 | — | — | 50 000 | — | 905 700 | 905 700 | 955 700 |
| 3 609 858 | Palestine | — | — | 6 036 397 | 6 036 397 | — | 188 000 | 188 000 | 6 224 397 |
| 168 400 | Poland | 118 167 | — | — | 118 167 | 291 320 | 23 027 | 314 347 | 432 514 |
| 200 000 | Portugal | 200 000 | — | — | 200 000 | 400 000 | — | 400 000 | 600 000 |
| 35 000 | Qatar | 65 000 | 50 000 | — | 115 000 | 100 000 | — | 100 000 | 215 000 |
| 150 000 | Republic of Korea | 150 000 | (50 000) | — | 100 000 | — | 346 736 | 346 736 | 446 736 |
| 2 833 420 | Saudi Arabia | 1 800 000 | — | 120 325 | 1 920 325 | 658 659 | 321 214 | 979 873 | 2 900 198 |
| 292 545 | South Africa | 283 865 | — | — | 283 865 | 100 402 | — | 100 402 | 384 267 |
| 27 976 930 | Spain | 21 860 080 | — | — | 21 860 080 | 12 462 595 | 1 152 736 | 13 615 331 | 35 475 410 |
| 85 901 629 | Sweden | 78 689 885 | 2 000 000 | — | 80 689 885 | 19 454 778 | — | 19 454 778 | 100 144 662 |
| 25 998 915 | Switzerland | 20 224 361 | 1 869 001 | 1 028 063 | 23 121 424 | 6 479 553 | 3 754 257 | 10 233 810 | 33 355 234 |
| 282 009 | Syrian Arab Republic | — | — | 697 807 | 697 807 | — | — | — | 697 807 |
| 60 000 | Thailand | 60 000 | — | — | 60 000 | 28 000 | — | 28 000 | 88 000 |
| 18 962 | Tunisia | 18 576 | — | — | 18 576 | — | — | — | 18 576 |
| 1 914 766 | United Arab Emirates | 2 000 000 | 2 500 000 | — | 4 500 000 | 3 459 937 | 1 336 981 | 4 796 918 | 9 296 918 |
| 57 876 990 | United Kingdom of Great Britain and Northern Ireland | 68 805 874 | 9 000 000 | 318 472 | 78 124 346 | 5 847 953 | 391 731 | 6 239 685 | 84 364 031 |
| 291 150 000 | United States of America | 202 173 290 | 4 000 000 | — | 206 173 290 | 176 500 000 | 72 294 572 | 248 794 572 | 454 967 862 |

| Biennium 2006-2007 | Donor | Regular budget funds | | | | Non-regular budget funds | | | Grand total |
|---|---|---|---|---|---|---|---|---|---|
| | | Regular budget unearmarked funds | Regular budget earmarked funds | In kind | Total | Emergency appeal | Projects | Total | |
| 76 | Japan International Cooperation | — | — | 2 599 | 2 599 | — | — | — | 2 599 |
| 570 181 | Lebanon | — | — | 1 703 | 1 703 | — | 35 904 | 35 904 | 37 607 |
| 3 653 058 | Turkey | 1 000 000 | — | — | 1 000 000 | 578 058 | 250 000 | 828 058 | 1 828 058 |
| 20 000 | Bulgaria | 10 000 | — | — | 10 000 | — | — | — | 10 000 |
| 36 274 | Pakistan | 30 831 | — | 17 056 | 47 887 | — | — | — | 47 887 |
| 75 670 | Morocco | 142 564 | (54 667) | — | 87 897 | — | 756 | 756 | 88 653 |
| 20 000 | Brunei Darussalam | 20 000 | — | — | 20 000 | — | — | — | 20 000 |
| 20 000 | Slovenia | 52 286 | — | — | 52 286 | 66 138 | 15 576 | 81 714 | 134 000 |
| 18 000 | Jamaica | — | — | — | — | — | — | — | — |
| 36 600 | Hungary | 246 293 | — | — | 246 293 | — | — | — | 246 293 |
| 344 241 | Belgium, Flanders | 814 774 | (366 118) | — | 448 656 | 22 504 | — | 22 504 | 471 160 |
| 1 284 080 | Spain, Catalonia | — | — | — | — | 1 364 487 | — | 1 364 487 | 1 364 487 |
| 574 088 | Spain, Basque country | — | — | — | — | 612 306 | 210 862 | 823 169 | 823 169 |
| 1 318 | Spain, Council of Teulada | — | — | — | — | — | — | — | — |
| 155 648 | Spain, Council of Zaragoza | — | — | — | — | 260 660 | 208 | 260 868 | 260 868 |
| 228 823 | Spain, Valencia | — | — | — | — | 886 463 | 7 370 | 893 833 | 893 833 |
| 438 698 | Spain, Andalucia | — | — | — | — | — | — | — | — |
| 13 514 | Spain, Huelva | — | — | — | — | — | — | — | — |
| 33 782 | Spain, Navarra | — | — | — | — | 38 363 | — | 38 363 | 38 363 |
| 144 315 | Spain, Galicia | — | — | — | — | 42 842 | 189 882 | 232 724 | 232 724 |
| 14 577 | Spain, Municipality of A Coruna | — | — | — | — | 216 | — | 216 | 216 |
| — | Spain, Baleares | — | — | — | — | 198 413 | 238 095 | 436 508 | 436 508 |
| — | Romania | — | — | — | — | — | 50 000 | 50 000 | 50 000 |
| — | Spain, Local Council of Castellon | — | — | — | — | 34 977 | — | 34 977 | 34 977 |
| — | Spain, Barcelona City Council | — | — | — | — | 48 097 | — | 48 097 | 48 097 |

| Biennium 2006-2007 | Donor | Regular budget funds | | | | Non-regular budget funds | | | Grand total |
|---|---|---|---|---|---|---|---|---|---|
| | | Regular budget unearmarked funds | Regular budget earmarked funds | In kind | Total | Emergency appeal | Projects | Total | |
| 499 566 | Spain, Palma Local Council | — | — | — | — | 111 549 | — | 111 549 | 111 549 |
| 189 504 | Spain, Regional Government of Asturias | — | — | — | — | 213 774 | — | 213 774 | 213 774 |
| — | Estonia, Government of | — | — | — | — | 86 833 | — | 86 833 | 86 833 |
| — | Spain, San Sebastian Local Council | — | — | — | — | 12 788 | — | 12 788 | 12 788 |
| — | Spain, Sagunto Local Council | — | — | — | — | 7 673 | — | 7 673 | 7 673 |
| — | Spain, Aragon Local Government | — | — | — | — | 127 877 | — | 127 877 | 127 877 |
| — | Spain, Castilla La Mancha Regional Government | — | — | — | — | 340 136 | — | 340 136 | 340 136 |
| — | Spain, Canarias Regional Government | — | — | — | — | 18 445 | — | 18 445 | 18 445 |
| — | Spain, Leganes Council | — | — | — | — | 6 588 | — | 6 588 | 6 588 |
| — | Spain, Puertollano Local Council | — | — | — | — | 52 701 | — | 52 701 | 52 701 |
| — | Spain, Madrid Local Council | — | — | — | — | 126 582 | — | 126 582 | 126 582 |
| — | Viet Nam | — | — | — | — | 200 000 | — | 200 000 | 200 000 |
| — | Slovakia, Government of | — | — | — | — | 95 930 | — | 95 930 | 95 930 |
| — | Spain, Bizkaia Regional Council | — | — | — | — | — | 247 590 | 247 590 | 247 590 |
| — | Brazil | — | — | — | — | — | 200 000 | 200 000 | 200 000 |
| **851 647 012** | **Total, Governments** | **667 568 714** | **35 984 304** | **9 149 227** | **712 702 245** | **366 843 370** | **121 830 785** | **488 674 155** | **1 201 376 400** |

| | | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| *Biennium 2006-2007* | *Donor* | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* | *Emergency appeal* | *Projects* | *Total* | *Grand total* |
| | **Intergovernmental organizations** | | | | | | | | |
| 9 000 | Arab Gulf Programme for United Nations Development Organizations (AGFUND) | — | — | — | — | — | — | — | — |
| 310 621 280 | European Commission | 215 769 994 | 71 652 125 | — | 287 422 119 | 64 804 944 | 26 999 470 | 91 804 414 | 379 226 533 |
| 1 024 835 | AAAID | — | — | — | — | — | — | — | — |
| 100 000 | OPEC Fund International Development | — | — | — | — | 3 000 000 | 1 999 975 | 4 999 975 | 4 999 975 |
| — | World Bank (Multi-Donor Trust Fund) | — | — | — | — | — | 1 000 000 | 1 000 000 | 1 000 000 |
| **311 755 115** | **Total, intergovernmental organizations** | **215 769 994** | **71 652 125** | **—** | **287 422 119** | **67 804 944** | **29 999 445** | **97 804 389** | **385 226 508** |
| | **United Nations agencies** | | | | | | | | |
| 675 | UNDOF | — | — | — | — | — | — | — | — |
| 1 805 220 | UNESCO | 234 740 | — | 689 600 | 924 340 | — | 60 000 | 60 000 | 984 340 |
| 677 932 | UNHCR | — | — | — | — | — | 1 300 870 | 1 300 870 | 1 300 870 |
| 677 177 | UNICEF | — | — | 629 459 | 629 459 | — | 2 320 217 | 2 320 217 | 2 949 675 |
| 38 577 674 | United Nations | 37 647 568 | 2 000 000 | — | 39 647 568 | — | — | — | 39 647 568 |
| 3 | UNTSO | — | — | — | — | — | — | — | — |
| 853 106 | WHO | 292 000 | — | 797 756 | 1 089 756 | 29 046 | 85 852 | 114 898 | 1 204 654 |
| 37 883 | UNFPA | — | — | 11 838 | 11 838 | 350 000 | 165 474 | 515 474 | 527 312 |
| 8 883 | United Nations Women's Guild | — | — | — | — | — | — | — | — |
| 1 326 620 | United Nations/Human Security Trust Fund | — | — | — | — | — | — | — | — |
| 109 932 | World Food Programme | — | — | — | — | — | — | — | — |
| 8 387 392 | Central Emergency Response Fund (CERF) | — | — | — | — | 5 971 216 | 1 008 582 | 6 979 798 | 6 979 798 |
| 1 845 | WFP | — | — | — | — | — | — | — | — |

| Biennium 2006-2007 | Donor | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Regular budget unearmarked funds | Regular budget earmarked funds | In kind | Total | Emergency appeal | Projects | Total | Grand total |
| — | UNDP | — | — | — | — | — | 238 092 | 238 092 | 238 092 |
| — | Humanitarian Emergency Response Fund | — | — | — | — | 214 000 | — | 214 000 | 214 000 |
| **52 464 343** | **Total, United Nations organizations** | **38 174 308** | **2 000 000** | **2 128 653** | **42 302 961** | **6 564 262** | **5 179 087** | **11 743 349** | **54 046 310** |
| | **Non-governmental organizations** | | | | | | | | |
| 54 | British Council | — | — | — | — | — | — | — | — |
| 1 911 627 | Egyptian Red Crescent | — | — | — | — | 3 534 023 | — | 3 534 023 | 3 534 023 |
| — | Islamic Heritage Society | — | — | — | — | 25 000 | — | 25 000 | 25 000 |
| 16 865 | Music in Me | — | — | — | — | — | 25 473 | 25 473 | 25 473 |
| — | Norwegian Refugee Council | — | — | — | — | — | 16 870 | 16 870 | 16 870 |
| 7 590 485 | Red Crescent Society, United Arab Emirates | — | 99 982 | — | 99 982 | 5 436 959 | 6 520 686 | 11 957 645 | 12 057 627 |
| 440 427 | Rissho Kosei-Kai, Japan | — | — | 30 436 | 30 436 | — | 60 675 | 60 675 | 91 111 |
| 146 001 | Welfare Association | — | — | — | — | 6 063 | 67 750 | 73 813 | 73 813 |
| 14 793 | Japan International Cooperation | — | — | — | — | — | — | — | — |
| — | Saudi Committee | 999 977 | — | — | 999 977 | 2 505 964 | — | 2 505 964 | 3 505 941 |
| 1 424 576 | The Church of Jesus Christ | — | — | — | — | — | — | — | — |
| 61 700 | International Development and Relief Board | — | — | — | — | — | — | — | — |
| 77 670 | Hope Haven International | — | — | — | — | — | — | — | — |
| 177 920 | Tarek Ahmed Juffali Foundation | — | — | — | — | — | 511 754 | 511 754 | 511 754 |
| 64 648 | Diakonia | — | — | — | — | — | 1 760 | 1 760 | 1 760 |
| 56 391 | Friends of UNRWA Association Inc., United States of America | — | — | — | — | 178 114 | — | 178 114 | 178 114 |

| Biennium 2006-2007 | Donor | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Regular budget unearmarked funds | Regular budget earmarked funds | In kind | Total | Emergency appeal | Projects | Total | Grand total |
| 28 666 | UNRWA Spanish Committee | 8 755 | — | — | 8 755 | 9 288 | 26 101 | 35 390 | 44 145 |
| 1 373 | The Near East Cultural and Educational Foundation | — | — | — | — | — | — | — | — |
| 1 200 | ANERA | — | — | — | — | — | 1 328 | 1 328 | 1 328 |
| 998 | World Vision Foundation | — | — | — | — | — | — | — | — |
| 6 000 000 | Shiekh Zayed Foundation | — | — | — | — | — | — | — | — |
| 176 351 | Human Concern International | — | — | — | — | — | — | — | — |
| 214 161 | Mennonite Central Committee | — | — | — | — | — | — | — | — |
| 25 000 | United Holy Land Fund | — | — | — | — | — | — | — | — |
| 105 474 | United Palestinian Appeal | — | — | — | — | — | — | — | — |
| 340 174 | AED/SMART | — | — | — | — | — | — | — | — |
| 14 000 | Mosaic Foundation | — | — | — | — | — | — | — | — |
| 84 920 | Palestinian Red Crescent | — | — | — | — | — | 3 375 | 3 375 | 3 375 |
| 10 500 | CARE International | — | — | — | — | — | — | — | — |
| 4 057 | International SOS | — | — | — | — | — | — | — | — |
| 2 361 321 | Kuwaiti Red Crescent Society | — | — | — | -- | — | 261 966 | 261 966 | 261 966 |
| 151 405 | Mercy USA for AID and Development | — | — | — | — | 380 463 | — | 380 463 | 380 463 |
| 85 199 | Counterpart International, United States of America | — | — | — | — | — | — | — | — |
| 1 277 000 | Dubai Cares | — | — | 239 309 | 239 309 | — | 749 974 | 749 974 | 989 283 |
| 45 000 | Said Foundation | — | — | — | — | — | 225 000 | 225 000 | 225 000 |
| 411 000 | HRH Alwaleed bin Talal Foundation | — | — | — | — | 189 955 | — | 189 955 | 189 955 |
| 30 000 | cancelled | — | — | — | — | — | — | — | — |
| — | Jordan Hashemite Charity Organization | — | — | — | — | 4 195 162 | — | 4 195 162 | 4 195 162 |

| Biennium 2006-2007 | Donor | Regular budget funds | | | | Non-regular budget funds | | | Grand total |
|---|---|---|---|---|---|---|---|---|---|
| | | Regular budget unearmarked funds | Regular budget earmarked funds | In kind | Total | Emergency appeal | Projects | Total | |
| — | Qatar Red Crescent | — | — | 150 705 | 150 705 | 811 571 | 505 860 | 1 317 431 | 1 468 137 |
| — | Human Care International | — | — | — | — | 17 037 | — | 17 037 | 17 037 |
| — | INTERPAL | — | — | — | — | 717 748 | 554 593 | 1 272 341 | 1 272 341 |
| — | Mohammed Bin Rashid Al-Maktoum Foundation | — | — | — | — | — | 310 000 | 310 000 | 310 000 |
| — | Cogan Family Foundation | — | — | — | — | — | 15 000 | 15 000 | 15 000 |
| — | IRFAN-CANADA | — | — | — | — | — | 434 964 | 434 964 | 434 964 |
| — | Khalifa Bin Zayed Al Nahayan | — | — | — | — | 2 599 917 | 540 991 | 3 140 908 | 3 140 908 |
| — | Salam Ya Sughar Fund | — | — | — | — | 2 387 376 | — | 2 387 376 | 2 387 376 |
| — | Turkish Red Crescent | — | — | — | — | 280 342 | — | 280 342 | 280 342 |
| — | Arab Funds for Arts and Culture | — | — | — | — | — | 15 000 | 15 000 | 15 000 |
| — | Islamic International Relief Organization | — | — | — | — | 1 199 967 | — | 1 199 967 | 1 199 967 |
| — | Australian Volunteers International | 4 563 | — | 1 667 | 6 230 | — | — | — | 6 230 |
| — | Jordan River Foundation | — | — | — | — | 592 819 | — | 592 819 | 592 819 |
| — | Danish Refugee Council | — | — | — | — | — | 163 005 | 163 005 | 163 005 |
| — | A.M. Qattan Foundation | — | — | 20 872 | 20 872 | — | 3 000 | 3 000 | 23 872 |
| — | Arigatou Foundation, Japan | — | — | — | — | 11 143 | — | 11 143 | 11 143 |
| — | Al-Aqsa Islamic Society, United States of America | — | — | — | — | 65 000 | — | 65 000 | 65 000 |
| — | Young Arab Leaders United Arab Emirates | — | — | — | — | 211 336 | — | 211 336 | 211 336 |
| — | Insani Yardim Vakfi "IHH", Turkey | — | — | — | — | 49 966 | — | 49 966 | 49 966 |
| — | Kinder USA | — | — | — | — | 12 000 | — | 12 000 | 12 000 |
| — | Mercy Relief, Singapore | — | — | — | — | 124 920 | — | 124 920 | 124 920 |
| — | World Assembly of Muslim Youth | — | — | — | — | 199 970 | — | 199 970 | 199 970 |

| Biennium 2006-2007 | Donor | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Regular budget unearmarked funds | Regular budget earmarked funds | In kind | Total | Emergency appeal | Projects | Total | Grand total |
| — | Young President Organisation, Jordan | — | — | — | — | 10 000 | — | 10 000 | 10 000 |
| — | CAN Foundation, Spain | — | — | — | — | 196 850 | — | 196 850 | 196 850 |
| — | Hoping Foundation, United Kingdom | — | — | — | — | — | 275 040 | 275 040 | 275 040 |
| — | Humanity First, United States of America | — | — | — | — | 30 000 | — | 30 000 | 30 000 |
| — | Syrian American Women's Association | — | — | — | — | 13 350 | — | 13 350 | 13 350 |
| — | Indonesia-Palestine Friendship Initiative | — | — | — | — | 159 923 | — | 159 923 | 159 923 |
| — | Islamic Shura Council of Michigan | — | — | — | — | 30 000 | — | 30 000 | 30 000 |
| — | Prolepsis Institute — Greece | — | — | — | — | 206 280 | — | 206 280 | 206 280 |
| — | FIL, Inc., Board of Trustees | — | — | — | — | 39 100 | — | 39 100 | 39 100 |
| — | American Palestinian Women's Association | — | — | — | — | — | 900 | 900 | 900 |
| — | The World Federation of KSIMC | — | — | — | — | 76 000 | — | 76 000 | 76 000 |
| — | The Palestinian Community in Chile | — | — | — | — | 15 367 | — | 15 367 | 15 367 |
| — | Medical Aid for Palestine | — | — | — | — | — | 3 000 | 3 000 | 3 000 |
| — | Association Solidarité Maroc Palestine | — | — | — | — | 49 974 | — | 49 974 | 49 974 |
| — | Islamic Relief International | — | — | — | — | 100 000 | — | 100 000 | 100 000 |
| — | Zanfha Initiative | — | — | — | — | — | 16 584 | 16 584 | 16 584 |
| **23 350 955** | **Total, non-governmental organizations** | **1 013 295** | **99 982** | **442 990** | **1 556 266** | **26 668 949** | **11 310 648** | **37 979 597** | **39 535 863** |

| Biennium 2006-2007 | Donor | Regular budget funds | | | | Non-regular budget funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | *Regular budget unearmarked funds* | *Regular budget earmarked funds* | *In kind* | *Total* | *Emergency appeal* | *Projects* | *Total* | *Grand total* |
| | **Other donors** | | | | | | | | |
| 788 138 | Sundry donors | 175 661 | 82 140 | 451 179 | 708 980 | 3 483 381 | 428 345 | 3 911 726 | 4 620 706 |
| 487 633 | Various donors, Jordan | 25 268 | 181 617 | 0 | 206 886 | — | 53 656 | 53 656 | 260 542 |
| 197 631 | Various donors, Lebanon | — | — | 40 005 | 40 005 | 44 841 | 245 565 | 290 407 | 330 412 |
| 413 566 | Various donors, Palestine | — | 1 190 | 300 449 | 301 639 | 1 200 | — | 1 200 | 302 839 |
| 183 452 | Various donors, Syrian Arab Republic | 69 958 | 13 945 | 218 | 84 121 | 4 233 001 | (981) | 4 232 020 | 4 316 141 |
| — | Deloitte & Touche | — | — | — | — | 103 273 | — | 103 273 | 103 273 |
| — | National Commission of Lebanese Women | — | — | — | — | 99 993 | — | 99 993 | 99 993 |
| — | Bank of Palestine P.L.C. | — | — | — | — | — | 10 000 | 10 000 | 10 000 |
| **2 070 420** | **Other donors** | **270 887** | **278 893** | **791 852** | **1 341 632** | **7 965 689** | **736 586** | **8 702 275** | **10 043 907** |
| **1 241 287 846** | **Total contributions income** | **922 797 198** | **110 015 303** | **12 512 721** | **1 045 325 222** | **475 847 214** | **169 056 550** | **644 903 765** | **1 690 228 987** |

# Notes to the financial statements

## Note 1
## Mission statement

1.1 The mission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is to help Palestine refugees achieve their full potential in human development under the difficult circumstances in which they live. The Agency fulfils this mission by providing a variety of essential services within the framework of international standards, to help Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Among United Nations agencies, UNRWA is unique in delivering services directly to refugees, and is similar in character to a public service organization.

## Note 2
## Summary of significant accounting policies

### (a) Basis of presentation

2.1 The financial statements are currently prepared in accordance with United Nations system accounting standards and the Financial Regulations of the Agency.

### (b) Accounting conventions

2.2 The financial statements are prepared under the historical cost convention.

2.3 In accordance with the Agency's financial regulation 10.2, the accounts of the Agency are maintained on the accrual basis of accounting, except for items in note 3. The fundamental accounting concepts of going concern, matching and consistency are followed in the presentation of the financial statements.

2.4 The Agency operates a system of fund accounting, which means that it maintains separate accounts for the regular budget and the non-regular budget funds. The Agency's system of fund accounting provides a full identification of income and expenditure by purpose and the complete separation of the assets and liabilities of each fund. The financial statements are presented in a columnar manner by fund; contributions or allocations to funds, other than the regular budget, are assigned individual project codes, which are maintained as distinct financial and accounting entities within the framework of UNRWA's financial statements.

2.5 The Agency's financial period consists of two consecutive calendar years, as provided for in financial regulation 2.1. An interim closure of accounts is carried out at the end of the first year and a final closure at the end of the second year.

2.6 Owing to the nature of their operations, the financial statements of the Area Staff Provident Fund and the Microfinance Department are prepared on an annual basis and are presented separately.

### (c) Change in accounting policy

2.7 The United Nations system accounting standards (paras. 49 (v) and 51) require that the value of land and buildings be disclosed as an asset, and the method of valuation stated, and that costs incurred during construction of major long-term acquisitions be accumulated and disclosed in a separate account. The Agency has in the past deemed it fit to depart from this requirement, in accordance with paragraph 3 of the United Nations system accounting standards, which states that where individual organizations find it necessary to depart from the practice set out in the standards, they should disclose the reasons for doing so in the statement of significant accounting policies included in their financial statements.

2.8 Since last biennium (2006-2007), however, the Agency has changed its accounting policy with regard to the treatment of expenditure incurred on land and buildings.

2.9 As a result of this change in accounting policy, all land and buildings acquired after 1 January 2002 whose value has been reliably documented were capitalized and shown on the face of the balance sheet. The capitalization threshold has been set at $2,000. The historical cost of buildings, which had been expensed prior to 31 December 2001, amounted to $276,128,571. These costs were authorized against Agency's budget and financed out of contributions from various donors. This value may change in future as a result of current revaluation exercise in preparation for the adoption of IPSAS in 2012.

2.10 Buildings are depreciated over their useful economic lives on a straight line basis at the rate of 4 per cent, with the exception of prefabricated buildings of a temporary nature, which are deemed to have a shorter lifespan and are therefore depreciated at 10 per cent on a straight line basis. No depreciation will be charged on land. On acquisition of buildings, proportionate depreciation shall be charged in the first year, based on the month in the year in which it was acquired. All costs incurred on construction and rehabilitation of refugee shelters will be charged to expenditure in the year in which they are incurred (see note 8 for the detailed computation on the recognition of land and buildings on the face of the Agency's financial statements). During the biennium, except for the procurement of inventory and consumable items, expenditure on other items of property, plant and equipment will continue to be charged to expenditure as and when it is incurred.

2.11 During the biennium, a new procurement and inventory management module system was introduced. Owing to this change in procurement management, the following changes have been adopted (see note 13):

(a) All inventory items have been capitalized as assets in the balance sheet as inventories;

(b) The initial inventory balance as at 1 January 2008 was recognized and incorporated in the biennium accounts as Revaluation Capital Surplus Reserve (Inventory 2008);

(c) The cost of inventory/consumable items is included in expenses once the items have been distributed in the normal course of operations.

## (d) Currency translation

2.12 The accounts of the Agency are maintained in United States dollars. Transactions in other currencies are translated to United States dollars using the United Nations operational rates of exchange prevailing at the time of the transaction. Gains or losses on the conversion of currencies between the market rates (the currency market spot rates at which the trades are executed) and United Nations operational rates of exchange are treated as currency exchange gains or losses from income. At the end of a financial period, assets and liabilities in other currencies are translated to United States dollars at the rates of exchange applicable on 1 January of the following year.

### (e) Management of currency risks

2.13 The primary principle of UNRWA risk management is the preservation of the value of its resources in United States dollar terms. UNRWA currency risk can be identified mainly as a potential loss in the value of non-received non-dollar contributions and non-dollar cash assets as a result of a strengthening United States dollar. The risk arises from the date the contributions are pledged. In order to protect its assets and cash flow against adverse currency movements, UNRWA adopts a conservative risk management approach to minimize its exposure to exchange rate fluctuations .Generally, UNRWA will conduct its foreign exchange transactions in the spot market. However, the use of derivative instruments, such as forward contracts and the purchase of options, may be used to reduce foreign exchange risk on current and certain future obligations, assets and liabilities denominated in other currencies. Hedging transactions may be written for periods of up to one year and only for the purpose of minimizing the risk of currency fluctuations, not for trading or speculative purposes. Foreign exchange gains and losses against multi-currency holdings are accounted in the regular budget only. Contributions received against non-regular budget projects are credited with the corresponding United States dollar value, based on the United Nations currency exchange rates on the date of actual receipt of a contribution and therefore are not exposed to exchange gains and losses (see note 7).

### (f) Income recognition

2.14 For unearmarked funds, cash contributions are recorded as income on the basis of confirmed donor pledges received during the current financial period. At the end of the financial period, outstanding confirmed pledges for the unearmarked regular budget are accrued as income. For earmarked funds under the regular budgets and the non-regular budget, income is recognized when funds are received.

2.15 Contributions in kind are recorded at fair market value for inventory and consumable items when they are received by the Agency as provided for in financial regulation 10.7. The fair market value of inventory items is determined based on the weighted average cost of the items. The in kind donations are immediately recorded as income and expense for consumable items. For inventory items, the donations are recorded as income at the time of receipt of donation, and expensed at the time of consumption.

2.16 Advance contributions received from donors in respect of a future financial period are treated as Income received in advance in the accounting records.

2.17 Other income comprises:

(a) Interest on bank deposits accounted for on a time-apportioned basis on the balance outstanding and at the rate applicable;

(b) Income derived from the sale of used vehicles and equipment;

(c) Share of profits on insurance policies;

(d) Income from production units and other sundry income are treated as miscellaneous income.

### (g) Expenditure

2.18 Expenditures reported in the Agency's financial statements include disbursements, unliquidated obligations (in respect of procurement of goods and services that have not yet been received as at the end of the financial period) and budget carry forwards (in respect of amounts that are charged to the current biennium expenditure against justifications that are received against the approved budget) for regular and non-regular budget funds, except expenditure incurred on land and building, and procurement of inventory/consumable items, which are capitalized and depreciated, in respect of buildings, and consumed in respect of procured items (see paras. 2.8-2.9 above).

## Note 3
## Staff end-of-service and termination benefits

3.1 *Area staff leave encashment*. An amount of $23,366,601 in the regular budget unearmarked fund has been accrued and shown on the face of the balance sheet in respect of provisions for the Agency's area staff leave encashment liability. The leave encashment was estimated on the basis of the leave balances of staff available in the Agency's human resources management system (leave module). The calculations are based on two categories of staff, namely, teaching and non-teaching staff.

3.2 *Area staff termination liability*. Separation costs of international staff are borne by the United Nations Secretariat and no provision for these costs is made in the Agency's financial statements. Actual separation costs for area staff are charged to the financial period in which they are incurred and there is no prior provisions made for them. In the event of the Agency's cessation of operations, the accumulated termination benefits for area staff at 31 December 2009 is estimated at $227 million ($206.9 million as at 31 December 2007) based on current costs and rules and regulations. During the biennium 2008-2009, a provision was made in the budget to meet the Agency's obligations towards end-of-service benefits for area staff expected to retire during the period, amounting to $19.4 million ($29 million as at 31 December 2007).

The variation in end-of-service liabilities over the biennium is due to the net difference between:

(a) Increases caused by salary increases Agency-wide, annual increments and the migration of staff members to higher brackets of benefits;

(b) The savings resulting from continuing retirement of staff members and the non-availability of this benefit to newly recruited staff members etc.;

(c) Increases in the number of categories of staff included in the computation of the end-of-service benefits.

The criteria for the computation of end-of-service benefits are as follows:

There are 3 groups/categories of staff as described below:

Group 1: With less than 10 years of service or aged less than 46;

Group 2: With more than or equal to 10 years of service and aged between 46 and 55;

Group 3: Early voluntary retirement, which is applicable for those:

(i) Older than 55 with three years of service or more;

(ii) With more than 25 years of service;

(iii) Older than 50 with 10 years of service or more.

The indemnity for each group is as follows:

**Group 1 (less than 10 years of service or aged less than 46)**

| *Years of qualifying service* | *Months of base salary* |
|---|---|
| 0 | 0 |
| 1 | 1 |
| 2 | 1 |
| 3 | 2 |
| 4 | 3 |
| 5 | 4 |
| 6 | 5 |
| 7 | 6 |
| 8 | 7 |
| 9 or more | 8 |

This can be translated into the following statement:

If total service = 1 --> 1 * base salary
If total service between 1.01 and 8.99 --> (total service - 1) * base salary
If total service >= 9 --> 8 * base salary

**Group 2 (more than or equal to 10 years of service and aged between 46 and 55)**

| *Age* | *Months of base salary* |
|---|---|
| 46 | 8.25 |
| 47 | 8.50 |
| 48 | 8.75 |
| 49 | 9.00 |
| 50 | 9.25 |
| 51 | 9.50 |
| 52 | 9.75 |
| 53 | 10.00 |
| 54 | 10.25 |
| 55 | 10.50 |

The above can be translated into the following:

If age = 46 --> 8.25 * base salary
If age = 47 --> 8.50 * base salary
If age = 48 --> 8.75 * base salary
If age = 49 --> 9.00 * base salary
If age = 50 --> 9.25 * base salary
If age = 51 --> 9.50 * base salary
If age = 52 --> 9.75 * base salary
If age = 53 --> 10.00 * base salary
If age = 54 --> 10.25 * base salary
If age = 55 --> 10.50 * base salary

**Group 3: staff taking early voluntary retirement, which is applicable for those:**

(i) Older than 55 with three years of service or more;

(ii) With more than 25 years of service;

(iii) Older than 50 with 10 years of service or more

0.085 * total years in service * annual base salary

3.3 *International staff end-of-service liability.* The separation costs of international staff are borne by the United Nations Secretariat and no provision for these costs are made in the Agency's financial statements. As a result, UNRWA has not disclosed the after-service health insurance, repatriation grant and leave pay encashment in its financial statements. These liabilities relating to international staff should be included in the United Nations financial statement (A/65/5 (Vol. 1)).

### Note 4
### Provident Fund

### Note 4 A
### United Nations Joint Staff Pension Fund — international staff

UNRWA is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. It is mandatory for UNRWA internationally recruited staff members to join the UNJSPF. The financial obligation of UNRWA to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, together with its share of any actuarial deficiency payments which might become payable pursuant to article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the fund as of the valuation date. At the time of preparation of the present report, the General Assembly has not invoked this provision. The Agency's liability towards the Pension Fund has been fully met as at 31 December 2009.

## Note 4 B
## United Nations Relief and Works Agency for Palestine Refugees in the Near East Area Staff Provident Fund

4.1 The UNRWA Area Staff Provident Fund, established under the Agency's Financial Regulations, article XIII, is a retirement benefit plan, which applies to all area staff members and vests after 6 months of service. It is a defined contribution plan. Mandatory staff contribution is 7.5 per cent and is matched by the Agency's contribution of 15 per cent of their basic salaries. Staff can also contribute up to 50 per cent of their basic salaries as additional voluntary contributions. Amounts due to (from) the Area Staff Provident Fund are as follows, in United States dollars:

| *Balance as at 31 December 2007* | *Details* | *Balance as at 31 December 2009* |
|---:|---|---:|
| (1 132 139) | Opening balance as on 1 January 2008 | 3 463 340 |
| 60 134 845 | Provident Fund employee mandatory contribution | 64 824 755 |
| 66 451 658 | Provident Fund Agency contribution | 77 777 883 |
| 1 176 903 | Provident Fund employee voluntary contribution | 675 496 |
| (23 845 052) | Provident Fund employee loans | (29 619 179) |
| 238 451 | Provident Fund loan commission | 135 712 |
| (157 986 680) | Provident Fund withdrawals | (180 305 928) |
| 58 425 354 | Current account with Provident Fund | 63 120 897 |
| **3 463 340** | **Balance due to/(from) Provident Fund** | **72 974** |

## Note 5
## Contributions from other sources

Contributions from other sources are miscellaneous contributions received in cash and in kind from individuals, charitable institutions, social bodies, merchants and sources other than the main donors.

## Note 6
## Miscellaneous income

Miscellaneous income comprises the income derived from the following:

| *2006-2007 (United States dollars)* | | | *2008-2009 (United States dollars)* | | |
|---:|---:|---|---:|---:|---:|
| | | | *Regular budget* | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| 11 585 932 | 7 873 098 | Bank interest — on investment accounts (*) | 7 187 728 | — | 12 621 215 |
| 3 915 019 | 60 938 | Bank interest — on current accounts | 2 717 891 | — | 21 753 |
| 424 891 | 18 498 | Other miscellaneous | — | — | — |
| 35 016 | — | Stale cheques | 204 165 | — | — |

| *2006-2007 (United States dollars)* | | | *2008-2009 (United States dollars)* | | |
|---|---|---|---|---|---|
| | | | *Regular budget* | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| (156 917) | — | Profit (loss) on income producing activities | 43 386 | — | — |
| 89 251 | 12 930 | Sundries (*) | 816 345 | 89 187 | 237 794 |
| 15 893 192 | 7 965 464 | Miscellaneous income | 10 969 515 | 89 187 | 12 880 762 |
| **23 858 655** | | **Total** | **23 939 464** | | |

2007 figures have been changed owing to reclassification of the Microfinance Department in 2008.

### Note 7
### Currency exchange gains/(losses)

Currency exchange gains and losses are realized and unrealized exchange gains and losses on the translation of non-United States dollar-denominated balances and transactions during the biennium. The foreign exchange losses for the biennium (realized and unrealized) amounted to $1,633,081.

| *2006-2007 (United States dollars)* | | | *2008-2009 (United States dollars)* | | |
|---|---|---|---|---|---|
| | | | *Regular budget* | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| 4 331 511 | — | Realized currency exchange rate gain/(loss) | 11 924 248 | — | (263) |
| 7 560 156 | 48 226 | Unrealized currency exchange rate gain/(loss) | (13 540 006) | 21 | (17 082) |
| **11 891 667** | **48 226** | **Currency exchange gains/(losses)** | **(1 615 758)** | **21** | **(17 344)** |
| **11 939 893** | | **Total** | **(1 633 081)** | | |

## Note 8
## Land and buildings:

### 8.1 Land and building balances

| *Details* | *Balance as at 31 December 2007 (United States dollars)* | *Movements 2008-2009* | | *Balance as at 31 December 2009 (United States dollars)* |
|---|---|---|---|---|
| | | *Additions* | *Disposals* | |
| Lands | 219 049 | — | — | **219 049** |
| Buildings: | | | | |
| **1. Financed by General Fund:** | | | | |
| Administration and main offices buildings | 938 326 | 364 191 | — | **1 302 517** |
| Educational buildings | 4 561 718 | 5 360 286 | — | **9 922 004** |
| Health programme buildings | 740 653 | 1 053 954 | — | **1 794 607** |
| Other installations | 483 422 | 26 568 | — | **509 990** |
| Prefabricated buildings/temporary buildings | 146 965 | — | — | **146 965** |
| Buildings 2002-2005 | 66 249 631 | — | — | **66 249 631** |
| **2. Financed by projects:** | | | | |
| Administration buildings | 218 185 | 2 313 952 | — | **2 532 137** |
| Education buildings | 19 337 188 | 19 080 941 | — | **38 418 129** |
| Health programme buildings | 1 197 062 | 4 122 750 | — | **5 319 813** |
| Other installations | 7 433 468 | 5 019 822 | — | **12 453 290** |
| **Total land and buildings** | **101 525 667** | **37 342 464** | — | **138 868 131** |
| *Less*: | | | | |
| Accumulated depreciation reserve | (12 978 091) | (8 598 562) | — | **(21 576 651)** |
| **Net building balances as at 31 December 2009** | **88 547 576** | **28 743 902** | — | **117 291 480** |

### 8.2 Change in revaluation capital surplus reserve

| *Details* | *Balance as at 31 December 2007 (United States dollars)* | *Movements 2008-2009* | | *Balance as at 31 December 2009 (United States dollars)* |
|---|---|---|---|---|
| | | *Additions* | *Disposals* | |
| Revaluation capital surplus reserve (2002-2005) | 60 593 850 | — | 5 299 970 | **55 293 880** |
| Capital reserve for projects finance buildings | 26 085 367 | 28 282 594 | — | **54 367 961** |
| **Total** | **86 679 217** | **28 282 594** | **5 299 970** | **109 661 841** |

### 8.3 Construction work in progress

| *Details* | *(United States dollars)* |
|---|---|
| Opening balance as at 1 January 2008 | 2 822 141 |
| Additions during the year under General Fund | 4 354 192 |
| **Total construction work in progress 2008-2009 under General Fund** | **7 176 333** |
| (Less) Releases to completed building under General Fund in 2008-2009 | (6 806 132) |
| **Closing balance as at 31 December 2009** | **370 201** |

## Note 9
## Vehicles and equipment

The historical costs of vehicles and equipment, which are expended at the time of purchase, comprise the following (see para. 2.18 for policy on treatment of acquisitions of land and buildings):

| *Closing balance 2007 (United States dollars)* | *Details* | *Movements in 2008-2009* | | *Balance as at 31 December 2009 (United States dollars)* |
|---|---|---|---|---|
| | | *Additions* | *Disposals* | |
| 24 704 977 | Active vehicles | 6 740 119 | (1 513 527) | 29 931 569 |
| 3 397 500 | Surveyed vehicles | 1 180 381 | — | 4 577 882 |
| 66 244 220 | Active equipment | 12 815 895 | (14 197 706) | 64 862 408 |
| — | Surveyed equipment | 1 920 598 | (1 786 455) | 134 143 |
| 950 308 | Non-agency property equipment | 541 498 | (461 116) | 1 030 690 |
| **95 297 005** | **Total** | **23 198 491** | **(17 958 804)** | **100 536 692** |

## Note 10
## Cash on hand and in banks

10.1 The cash on hand and in banks is in the amount of $337,082,389. Cash balances relating to the emergency appeal and projects amounting to $151,053,681 and $120,047,966 (includes Microfinance Department bank balances of $9,289,724), respectively, are earmarked for activities relating to the fund groups in the current biennium, and $124,136,193 was earmarked for the biennium ended 31 December 2007.

10.2 The cash balances at the end of the biennium in the amount of $337,082,389 were held in the currencies shown below. Currency value has been converted at the United Nations operational rate of exchange as at 1 January 2010.

| *Balance as at 31 December 2007 All funds* | | | | *Balance as at 31 December 2009 All funds* | | |
|---|---|---|---|---|---|---|
| *Currency amount* | *United Nations rate of exchange* | *US$ amount* | *Currency* | *Currency amount* | *United Nations rate of exchange* | *US$ amount* |
| 140 | 1.140 | 123 | AUD | 140 | 1.112 | 126 |
| 2 019 562 | 0.981 | 2 058 676 | CAD | 15 645 117 | 1.038 | 15 072 367 |
| 4 365 996 | 1.090 | 4 005 501 | CHF | 13 529 473 | 1.030 | 13 135 411 |
| 5 097 380 | 5.110 | 997 530 | DKK | 36 335 667 | 5.150 | 7 055 469 |
| 156 309 | 5.510 | 28 368 | EGP | 444 641 | 5.490 | 80 991 |
| 20 240 027 | 0.686 | 29 503 859 | EUR | 105 845 443 | 0.693 | 152 734 616 |
| 181 634 | 0.502 | 361 820 | GBP | 4 124 627 | 0.625 | 6 599 402 |
| 69 975 | 0.708 | 98 835 | JOD | 16 156 662 | 0.708 | 22 820 144 |
| 82 496 | 108.000 | 764 | JPY | 32 520 443 | 91.700 | 354 640 |
| (212 954 059) | 1 508.000 | (141 216) | LBP | 12 578 074 888 | 1 501 006 | 8 379 765 |
| 2 162 667 | 3.890 | 555 956 | NIS | 3 510 881 | 3.760 | 933 745 |
| 33 653 147 | 5.480 | 6 141 085 | NOK | 121 386 788 | 5.770 | 21 037 572 |
| 9 123 | 6.490 | 1 406 | SEK | 62 100 246 | 7.170 | 8 661 122 |
| 18 557 425 | 48.100 | 385 809 | SYP | 480 177 440 | 45.600 | 10 530 205 |
| 159 827 806 | 1.000 | 159 827 806 | USD | 54 592 514 | 1.00 | 54 592 514 |
| | | 203 826 323 | Cash in bank | | | 321 988 089 |
| | | 8 219 824 | Cash on hand and Microfinance Department balances | | | 15 094 300 |
| | | **212 046 146** | **Total cash balances** | | | **337 082 389** |

## Note 11
## Donor contributions

11.1 Contributions receivable represent confirmed pledges outstanding from donors for 2008-2009 for both regular budget and non-regular budget activities as at 31 December 2009.

11.2 The total contributions receivable reported in statement 2 at the end of the biennium was $20,402,428, comprising of unearmarked regular budget pledges and non-regular budget pledges (only Microfinance Department) related to 2008-2009.

11.3 The following is a breakdown of contributions receivable balances by donor category at the end of the biennium. These balances have been accrued as income in 2008-2009.

| *Balance as at 31 December 2007 (United States dollars)* | | | *Balance as at 31 December 2009 (United States dollars)* | | |
|---|---|---|---|---|---|
| | | | *Regular budget* | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| 10 976 876 | 18 126 232 | Due from Governments | 12 648 066 | — | 270 956 |
| 11 628 280 | 27 860 528 | Due from intergovernmental organizations | 5 483 406 | — | — |
| 118 000 | 241 198 | Due from United Nations organizations | 2 000 000 | — | — |
| 176 351 | 17 746 861 | Due from non-governmental organizations | — | — | — |
| 66 700 | 28 872 | Other donors | — | — | — |
| **22 966 207** | **64 003 691** | **Contributions receivable** | **20 131 472** | **—** | **270 956** |
| **86 969 897** | | **Total contributions receivable** | **20 402 428** | | |

11.4 The following are the advance contributions by donor category.

| *Balance as at 31 December 2007 (United States dollars)* | | | *Balance as at 31 December 2009 (United States dollars)* | | |
|---|---|---|---|---|---|
| | | | *Regular budget* | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| 14 790 458 | 3 613 848 | Received from Governments | 2 761 449 | — | 1 129 518 |
| — | 13 501 461 | Received from intergovernmental organizations | — | — | — |
| — | 4 719 443 | Received from non-governmental organizations | — | — | — |
| **14 790 458** | **21 834 752** | **Advance contributions receivable** | **2 761 449** | **—** | **1 129 518** |
| **36 625 210** | | **Total advance contributions** | **3 890 967** | | |

## Note 12
## Accounts receivable

12.1 The breakdown of accounts receivable is as follows:

| *Balance as at 31 December 2007 (United States dollars)* | | | *Balance as at 31 December 2009 (United States dollars)* | | |
|---|---|---|---|---|---|
| | | | *Regular budget* | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| 10 935 116 | 9 533 078 | VAT due from Palestine Authority | 28 802 608 | 1 822 694 | — |
| 1 271 037 | (1 620) | VAT due from Government of Israel | 552 582 | — | — |
| 58 028 | 352 582 | VAT due from Government of Lebanon | 334 967 | — | — |
| 153 331 | — | Claims against Governments not disputed | 133 617 | — | — |
| 2 375 000 | — | OPEC Pal trust fund towards Microfinance Programme[a] | 2 375 000 | — | — |
| 1 903 371 | 12 281 705 | Miscellaneous receivable | 3 361 806 | | 20 523 566 |
| 2 359 376 | — | Personal accounts of staff members | 2 741 591 | — | — |

| Balance as at 31 December 2007 (United States dollars) | | | Balance as at 31 December 2009 (United States dollars) | | |
|---|---|---|---|---|---|
| | | | Regular budget | | |
| Regular budget | Non-regular budget | Details | Unearmarked budget | Earmarked budget | Non-regular budget |
| 2 866 051 | — | Receivables related to Provident Fund movements | — | — | — |
| — | — | Goods loaned to other parties | — | — | — |
| 95 436 | — | Refundable utility deposits | 125 455 | — | — |
| 27 695 | — | Insurance claims | 11 623 | — | — |
| **22 044 439** | **22 165 744** | **Subtotal** | **38 439 249** | **1 822 694** | **20 523 566** |
| | | **Provisions** | | | |
| (22 390) | (2 173) | Provision for claims against Governments | (20 311) | — | — |
| — | (22 095) | Microcredit Community Support Programme provision for bad and doubtful debts | — | — | (25 386) |
| — | — | General provision for doubtful debts | (544 074) | — | — |
| **(22 390)** | **(24 268)** | **Subtotal** | **(564 385)** | — | **(25 386)** |
| **22 022 049** | **22 141 476** | **Accounts receivable net of provision** | **37 874 864** | **1 822 694** | **20 498 180** |
| **44 163 525** | | **Accounts receivable net of provisions** | **60 195 738** | | |

[a] This amount represents the agreement entered between OPEC Pal trust and UNRWA. The amount has subsequently transferred to the Microfinance Department in accordance with the agreement. UNRWA is the contracting partner and the Microfinance Department is the implementing agent in accordance with the agreement.

12.2 The amount of $448,317 represents funds due from the Microfinance Department as a result of operational payments that UNRWA makes on its behalf, which are settled on a monthly basis.

### Note 13
### Inventory

13.1 During the biennium, UNRWA implemented a new procurement and inventory management system. The previous inventory system, which was called "Reality System", was gradually removed across the areas of operations between March and August 2008. Along with implementing the new procurement and inventory management system, the inventory accounting treatment and conventions have been changed (see note 2.11 above) and the following bases have been adopted:

- (i) All inventory items have been capitalized as assets in the balance sheet as "Inventories";
- (ii) The initial inventory balance as at 1 January 2008 has been recognized and incorporated in the biennium accounts as revaluation capital surplus reserve (Inventory 2008);
- (iii) The cost of inventory/consumable items is included in expenses once they have been distributed in the normal course of operations;

(iv) The weighted average price method is used to determine the value of issued items from inventory;

(v) Additions/receipts to the inventory/consumable items are determined based on the contractual value of the purchase order and vendor invoice.

The following table illustrates the new changes in inventory treatment in 2008-2009:

| *Details* | *Notes* | *United States dollars* |
|---|---|---|
| **Opening balance as at 1 January 2008** | | |
| Inventory balances transferred from Reality System to procurement and inventory management system | 13.1.1 | 36 377 970 |
| Adjustments in procurement and inventory management system for opening balances | 13.1.1 | (4 787 029) |
| **Net inventory opening balances** | | **31 590 941** |
| **Movements in 2008-2009** | | |
| Additions | | 153 876 811 |
| Issuance | | (116 638 889) |
| Returns | | 548 655 |
| Adjustments | 13.1.2 | (28 959 596) |
| **Net inventory movements in 2008-2009** | | **8 826 981** |
| **Inventory balance as at 31 December 2009** | | **40 417 922** |
| Production units inventory | 13.2 | 111 369 |
| **Closing balance as at 31 December 2009** | | **40 529 291** |

13.1.1 Opening balance reflects the amount of inventory physically verified and incorporated into the new procurement and inventory management system. The adjustments to balance are due to the timing in field locations going operational at different periods.

13.1.2 The adjustments to movements reflect the stock adjustments in the procurement and inventory management system.

13.2 *Production units inventory*. The amount of $111,369 relates to the Agency self-supporting production unit, which is the embroidery centre located in Gaza. This unit is governed by separate instructions for effective management control and performance assessment. Inventories of this production unit are reported at cost, under assets in the financial statements.

| *Closing balance as at 31 December 2007 (United States dollars)* | *Details* | *Closing balance as at 31 December 2009 (United States dollars)* |
|---:|---|---:|
| 52 729 | Raw materials inventory — embroidery | 44 977 |
| 2 203 | Work in progress — embroidery | 6 376 |
| 73 021 | Finished goods — embroidery | 60 016 |
| 127 953 | Total production units inventory | 111 369 |

## Note 14
## Accounts payable

14.1 Accounts payable include:

| *Balance as at 31 December 2007 (United States dollars)* | | | *Balance as at 31 December 2009 (United States dollars)* | | |
|---|---|---|---|---|---|
| | | | *Regular budget* | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| 14 010 881 | 4 212 579 | Supplier accounts payable (see note 14.2) | 12 817 718 | 1 264 635 | 5 316 458 |
| 560 225 | — | Deposit received | 384 652 | — | — |
| 770 800 | — | West Bank water supply Palestine Authority | 908 600 | — | — |
| 309 344 | — | Unpaid cheques | 552 489 | — | — |
| 323 052 | — | Area staff group medical insurance | 609 831 | — | — |
| 159 851 | — | Unpaid salaries wages and other expenses | 32 891 | — | — |
| 2 615 190 | — | Other salary-related payables | 21 047 | — | — |
| 2 375 000 | 2 375 000 | Amounts due to OPEC Pal trust fund | 2 375 000 | — | 8 875 000 |
| 860 157 | 2 860 | Funds held for other entities | 2 000 163 | 302 306 | — |
| 2 853 971 | — | Interest due to projects | 3 973 333 | — | — |
| 32 844 | — | VAT refunds from Palestine Authority due to projects | 32 810 | — | — |
| 201 488 | 241 821 | Miscellaneous accounts payable | 2 229 402 | — | 658 018 |
| **25 072 802** | **6 832 260** | **Subtotal accounts payable** | **25 937 936** | **1 566 941** | **14 849 476** |
| **31 905 062** | | **Total accounts payable** | **42 354 353** | | |

14.2 The supplier accounts payable age analysis is as follows:

| *1-30 days* | *31-60 days* | *61-90 days* | *Over 90 days* | *Total* |
|---|---|---|---|---:|
| 15 187 410 | 371 323 | 426 088 | 3 413 990 | **19 398 811** |

14.3 Included in the supplier's accounts payable is an amount of $11,651,424 already paid to suppliers and reported under the title "Prepaid expenses and advances to suppliers" shown on the assets side of the balance sheet. This accounting treatment was necessary to enable tracking of goods in transit whereby the above asset and liability accounts are offset against each other once the supplies are received in the Agency's warehouse.

## Note 15
## Reserve for unliquidated budget commitments

| Balance as at 31 December 2007 (United States dollars) | | | Balance as at 31 December 2009 (United States dollars) | | |
|---|---|---|---|---|---|
| | | | Regular budget | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| 15 893 759 | 100 098 753 | Unliquidated budget obligations | 19 709 970 | 7 846 280 | 115 984 857 |
| 1 915 727 | — | Goods in transit purchase order | 4 543 922 | — | — |
| 12 126 870 | — | Provision for carry forward | | — | — |
| **29 936 356** | **100 098 753** | | **24 253 892** | **7 846 280** | **115 984 857** |
| **130 035 109** | | **Total reserve for commitments** | | **148 085 029** | |

15.1 The provisions for unliquidated budget commitments are in respect of procurement of goods and services that have not yet been received as at the end of the financial period.

15.2 An amount of $7,846,280 for the regular earmarked budget and $115,984,857 for non-regular budget is carried forward as shown in the breakdown below:

| | | 2008-2009 | |
|---|---|---|---|
| *2006-2007* | *Details* | *Earmarked regular budget* | *Non-regular budget* |
| 68 342 604 | Building construction | 114 112 | 65 972 142 |
| 4 677 888 | Staff costs | 7 072 | 26 360 501 |
| 17 648 696 | Procurement of supplies | 4 018 671 | 9 006 703 |
| 3 865 321 | Equipment | 1 063 450 | 3 006 871 |
| — | Services | 781 412 | 9 769 568 |
| 5 564 244 | Others | 1 861 563 | 1 869 072 |
| | **Total** | **7 846 280** | **115 984 857** |
| **100 098 753** | **Grand total** | **123 831 137** | |

## Note 16
## Prior-year adjustments

16.1 As shown on statement 5, prior-year adjustments represent adjustments made to either brought forward working capital and reserves accounts or current year's surplus or shortfall of income over expenditure amounts, depending on the category of adjustments. Prior-year adjustments are divided into four distinct categories.

(i) Prior-year adjustments due to changes in accounting policies;

(ii) Prior-year adjustments due to changes in refunds to donors;

(iii) Prior-year adjustments due to changes in accounts receivables and payables;

(iv) Prior-year adjustments due to changes in the confirmed pledges accrued in the previous bienniums.

The net amount in respect of prior-year adjustment for the biennium ending 31 December 2009 is $(10,304,822) broken down as follows:

| | | *Balance as at 31 December 2009 (United States dollars)* | | |
|---|---|---|---|---|
| | | *Regular budget* | | |
| *Balance as at 31 December 2007 (United States dollars)* | *Category* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| (21 672 252) | Due to changes in accounting policies | (922 438) | — | — |
| 12 775 620 | Due to refunds to donors in accordance with the agreements | (46 626) | (115) | (5 056 137) |
| 11 597 507 | Due to adjustments to accounts receivables and payables | 1 325 006 | — | — |
| (23 877 702) | Due to changes in confirmed pledge accrued in the previous bienniums | (114) | (1 462 913) | (4 141 84) |
| **21 176 827** | **Total** | **355 828** | **(1 463 028)** | **(9 197 621)** |
| | **Grand total** | | **(10 304 822)** | |

16.2 Reclassifications between funds are:

16.2.1 This represents:

(a) Balances transferred from closed projects from one fund group to another;

(b) Regrouping of funds between budget funds.

| *Balance as at 31 December 2007 (United States dollars)* | | | *Balance as at 31 December 2009 (United States dollars)* | | |
|---|---|---|---|---|---|
| | | | *Regular budget* | | |
| *Regular budget* | *Non-regular budget* | *Details* | *Unearmarked budget* | *Earmarked budget* | *Non-regular budget* |
| 138 977 | (138 977) | Reclassifications between funds | (152 679) | (512 379) | 665 058 |

16.2.2 The Microfinance Department reclassification of opening fund balance:

In 2008, the Microfinance Department was reclassified under "Projects". Subsequently, the opening fund balance in 2008 (closing fund balance as at 31 December 2007) for both "Projects" and "All funds" was changed owing to such reclassification of the Microfinance Department as follows:

| *Details* | *Projects*[a] *(United States dollars)* | *All funds*[b] *(United States dollars)* |
|---|---|---|
| Fund balance as at 31 December 2007 | 68 380 287 | 129 331 241 |
| Reclassification of the Microfinance Department fund balance as at 31 December 2007 | (6 645 446) | (3 611 818) |
| **Opening fund balance as at 1 January 2008** | **61 734 841** | **125 719 423** |

[a] Refer to statement 6.

[b] Refer to statement 2.

## Note 17
## Commitments and contingent liabilities

17.1 The Agency's contingent liabilities as at 31 December 2009, as evaluated by the Legal Department, arise broadly from two categories, namely, those in connection with personnel matters in respect of significant claims, litigation or arbitration and those associated with contractual matters. Contractual matters relate mostly to claims pertaining to procurement/purchase orders and others for claims from landlords from whom the Agency rents buildings.

17.2 A number of personnel appeals that could involve payment of back wages and entitlements are pending consideration by the respective appeals boards of the international and area staff as well as by the United Nations Administrative Tribunal. The contingent liabilities on those appeals amount to approximately $1,590,127 as at 31 December 2009 (31 December 2007: $981,145).

17.3 The contingent liabilities for commercial contracts are approximately $18,851,810 as at 31 December 2009 (31 December 2007: $8,119,922).

## Note 18
## Microfinance and Microenteprise Department

Financial statements 1 to 5 include aggregate figures for the Microfinance and Microenterprise Department. The income, expenditure, prior-year adjustments and the net result of the Microfinance and Microenterprise Department are presented in UNRWA as follows:

| *Balance as at 31 December 2007 (United States dollars)* | *Details* | *Balance as at 31 December 2009 (United States dollars)* |
|---|---|---|
| | **Interest and other operating income** | |
| 2 600 872 | Interest on loans | 11 105 282 |
| 36 205 | Accrued interest revenue | 188 761 |
| 219 303 | Interest on bank deposits and other revenues | 126 965 |
| 348 721 | Grants funds for operations | 286 800 |
| 103 786 | Other income | 182 575 |
| 103 106 | Training income | 179 805 |
| **3 411 993** | **Total operating revenues** | **12 070 188** |

| *Balance as at 31 December 2007 (United States dollars)* | *Details* | *Balance as at 31 December 2009 (United States dollars)* |
|---:|---|---:|
| | **Impairment losses on loans** | |
| (25 159) | Provision for expenses for impaired loans | (1 245 160) |
| 776 439 | Recoveries from written loans | 1 350 463 |
| **751 280** | **Net impairment losses on loans** | **105 303** |
| | **Operating expense** | |
| 2 842 193 | Salaries and related expenses | 6 736 341 |
| 379 881 | Special service contracts | 577 435 |
| 212 116 | Occupancy | 603 513 |
| 112 852 | Communication | 252 662 |
| 137 231 | Stationery and supplies | 502 948 |
| 19 259 | Minor equipment and maintenance | 79 254 |
| 142 236 | Travel and transportation | 468 788 |
| 151 512 | Depreciation | 460 507 |
| 79 005 | Programme support cost | 161 442 |
| 139 043 | Training | 205 338 |
| 12 258 | Other cost | 35 037 |
| **(4 227 586)** | **Total operating expense** | **(10 083 265)** |
| **(64 312)** | **Operating income (loss) for the year** | **2 092 226** |
| 27 309 | Gain (loss) on difference of currency | (17 086) |
| **(37 004)** | **Net year income (loss)/year** | **2 075 140** |

### Note 19
### Financial statement presentation changes

19.1 Regular budget funds — cash are categorized into earmarked and unearmarked funds by the nature of the activity. Earmarked funds are amounts received from donors for specific activities earmarked by the donor. Unearmarked funds are amounts received from donors for the General Fund activities. The classification has been reflected in all the financial statements, appendices, notes and wherever is applicable.

19.2 Nahr el-Bared Refugee Camp is the new construction activity commenced during the biennium 2008-2009. It will effectively require the building of a new town for 27,000 people: houses, schools, health centres, mosques, other community buildings, United Nations compound and associated infrastructure. Actual construction started early in 2009, with completion scheduled for mid-2011.

## Note 20
## Regular budget results for the biennium

20.1 During the biennium ended 31 December 2009, the Agency reported a net excess of income over expenditure of $30,055,157 in its regular budget unearmarked fund and $24,232,000 in its regular earmarked fund and a shortfall of $922,813 in its regular in kind before adjustments. During the biennium adjustments totalling $(1,772,259) were passed in respect of change of inventory accounting policies, change in accounting estimates, change in contribution estimates and reclassifications between funds (see statement 5). This resulted in a net surplus of income over expenditure for the biennium for the General Fund of $51,592,086.

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